R.P.P. Infra Projects Limited

Our Company was originally incorporated as R.P.P. Constructions (Private) Limited at Erode, Tamil Nadu on May 4, 1995 under the Companies Act, 1956. Subsequently, the name of our Company was changed to R.P.P. Infra Projects Private Limited on November 27, 2009. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed at a meeting of our equity shareholders held on January 21, 2010 and the name of our Company was changed to R.P.P Infra Projects Limited Our Company was issued a fresh certificate of incorporation by the Registrar of Companies, Tamil Nadu at Coimbatore on March 8, 2010. For details of changes in the name and registered office of our Company, see chapter entitled *'General Information'* beginning on page 53.

Registered Office: S.F.No. 454, Raghupathynaiken Palayam, Railway Colony (Post), Poondurai Road, Erode – 638 002, Tamil Nadu, India
Corporate Office: MKM Chambers, No. 42, Third Floor, Kodambakkam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India.
Contact Person: Pradeep Kumar Nath; **Tel**: +91 424 2284077; **Facsimile**: +91 424 2282077
E-mail: rightsissue@rppipl.com; **Website**: www.rppipl.com; **Corporate Identification Number**: L45201TZ1995PLC006113

OUR PROMOTERS: P. ARULSUNDARAM AND A. NITHYA

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF R.P.P INFRA PROJECTS LIMITED ONLY

ISSUE OF UPTO [●] EQUITY SHARES* OF FACE VALUE ₹ 10 EACH (RIGHTS EQUITY SHARES) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (ISSUE PRICE), AGGREGATING UPTO ₹ 48,00,00,000 (RUPEES 48.00 CRORES) (ASSUMING FULL SUBSCRIPTION) ON A RIGHTS BASIS (I) TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●]; AND (II) TO THE RESERVED PORTION IN FAVOUR OF THE WARRANT HOLDERS (DEFINED HEREINAFTER) (ISSUE). THE WARRANT HOLDERS WILL BE ELIGIBLE TO THE RIGHTS EQUITY SHARES ONLY ON, AND TO THE EXTENT OF, WARRANTS CONVERTED BY THEM, AND ON THE SAME TERMS AS AVAILABLE TO THE ELIGIBLE EQUITY SHAREHOLDERS. THE ISSUE SIZE NOT EXCEEDING ₹ 48.00 CRORES WILL INCLUDE THE EQUITY SHARES RESERVED FOR WARRANT HOLDERS. THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER ENTITLED *"TERMS OF THE ISSUE"* BEGINNING ON PAGE 222 OF THIS DRAFT LETTER OF OFFER. * *INCLUDING [●] EQUITY SHARES RESERVED FOR THE WARRANT HOLDERS.*

PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES

Amount Payable per Rights Equity Shares*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	**[●]**	**[●]**	**[●]**
One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	**[●]**	**[●]**	**[●]**
Total (₹)	**10.00**	**[●]**	**[●]**

***For further details on Payment Schedule, see the chapter entitled 'Terms of the Issue' beginning on page 222.**

WILFUL DEFAULTER

Neither our Company nor any of our Promoters or Directors has been categorized as a Wilful Defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on Wilful Defaulter(s) issued by the Reserve Bank of India.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue including the risks involved. The securities 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 document. Specific attention of the investors is invited to the section entitled *'Risk Factors'* beginning on page 22.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter Of Offer contains all information with regard to our Company and the Issue which is material in the context of the Issue, that the information contained in this Draft Letter Of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the BSE Limited (**BSE**) and the National Stock Exchange of India Limited (**NSE** and together with BSE, collectively, referred to as the **Stock Exchanges**). Our Company has received 'in-principle' approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue through their letters dated [●] and [●], respectively. For the purposes of the Issue, [●] is the Designated Stock Exchange. Our Company will also make an application to the Stock Exchanges to obtain the trading approval for the Rights Entitlements as required under the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/13) dated January 22, 2020.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
INGA VENTURES PRIVATE LIMITED 1229, Hubtown Solaris, N.S. Phadke Marg, Opp. Telli Galli, Andheri (E) – 400 069 Mumbai, Maharashtra, India **Tel**: +91 22 2681 6003 **Email**: kavita@ingaventures.com **Investor Grievance e-mail**: investors@ingaventures.com **Website**: www.ingaventures.com **Contact Person**: Kavita Shah **SEBI Registration No.**: INM000012698	**CAMEO CORPORATE SERVICES LIMITED** Subramanium Building #1, Club House Road, Chennai – 600 002, Tamil Nadu, India **Tel:** +91 44 2846 0390 / +91 44 4002 0700 **Email:** priya@cameoindia.com **Investor Grievance Email:** investor@cameoindia.com **Website**: www.cameoindia.com / https://rights.cameoindia.com/rpp **Contact Person**: Ms. Sreepriya K **SEBI Registration No.**: INR000003753

ISSUE PROGRAMME

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

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

 # Our Board or 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.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Draft Letter of Offer, unless the context otherwise indicates or implies, or unless specified, the terms defined, and abbreviations expanded herein below shall have the same meaning as stated in this section. The words and expressions used in this Draft Letter of Offer but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto. The following list of capitalised terms used in this document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Notwithstanding the foregoing, terms used in the chapter entitled 'Statement of Tax Benefits', section entitled 'Financial Information' and chapter entitled 'Outstanding Litigation and Defaults' beginning on pages 67, 148 and 211, respectively, shall have the meaning ascribed to such terms in these respective sections.

Terms	Description
'our Company', 'the Company' or 'the Issuer'	R.P.P Infra Projects Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered Office at S.F.No. 454, Raghupathynaiken Palayam, Railway Colony (Post), Poondurai Road, Erode – 638 002, Tamil Nadu, India.
'we', 'us', or 'our'	Unless the context otherwise indicates or implies, our Company with its Subsidiaries, Joint Ventures and Associates on a consolidated basis.

Company related terms

Terms	Description
AGM	Annual General Meeting
'Articles of Association' or 'AoA'	Articles of Association of our Company, as amended.
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company, comprising the consolidated balance sheet as at 31 March 2021, the consolidated statement of profit and loss for the financial year ended 31 March 2021, the consolidated statement of changes in equity and the consolidated statement of cash flows for financial year ended 31 March 2021, prepared in conformity with Indian Accounting Standards prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.
'Auditor' or 'Statutory Auditor'	Statutory auditor of our Company, namely, CA SN Duraiswamy.
Audit Committee	The audit committee of our Company consisting of K. Rangasamy, P. R. Sundararajan, and P. Muralidasan.
'Board' or 'Board of Directors'	Board of directors of our Company or a duly constituted committee thereof.
Chairman and Managing Director	P. Arulsundaram
'Chief Financial Officer' or 'CFO'	Chief financial officer of our Company, A. Nithya
Company Secretary and Compliance Officer	Company Secretary and Compliance Officer of our Company, Pradeep Kumar Nath.
Corporate Office	MKM Chambers, No. 42, Third Floor, Kodambakkam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India.
CRISIL	Credit Rating Information Services of India Limited
CRISIL Report	Report titled '*Assessment of Construction Industry in India, June 2021*' issued by CRISIL Research.

Terms	Description
Customer Industry	Civil construction, infrastructure and water management
Data	Information based on which the CRISIL Report is prepared from sources which its considers reliable.
Director(s)	Director(s) on the Board of Directors
Equity Shares	The equity shares of our Company of a face value of ₹ 10 each, unless otherwise specified in the context thereof.
Executive Director	P. Arulsundaram and A.Nithya
Group Company(ies)	In terms of the SEBI ICDR Regulations, the term ‘group companies’, includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company. Accordingly, the Board has determined following companies as Group Companies: 1. P&C Projects Pvt. Ltd.; 2. RPP Blue Metals; 3. Renaatus Projects Pvt. Ltd.; 4. RPP - Dhanya (JV); 5. RPP - Sathyamoorthy (JV); 6. RPP - Renaatus (JV); 7. RPP RK P&C JV; 8. RPP – P&C (JV); 9. Thaya Constructions; 10. Sanjeevi Constructions; 11. RPP - RCCL (JV); 12. Ero Techno Systems; and 13. RPP - RK (JV).
Independent Directors	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations. For further details, please see the chapter entitled ‘*Our Management’* beginning on page 144.
Key Managerial Personnel	Key management / managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in the chapter entitled *‘Our Management*’ beginning on page 144.
‘Memorandum of Association’ or ‘MoA’	Memorandum of Association of our Company, as amended.
Non-Executive Directors	A Director not being an Executive Director.
Promoters	P. Arulsundaram and A. Nithya
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Registered Office	S.F.No. 454, Raghupathynaiken Palayam, Railway Colony (Post), Poondurai Road, Erode – 638 002, Tamil Nadu, India.
‘Registrar of Companies’ or ‘RoC’	Registrar of Companies, Tamil Nadu at Coimbatore.
Rights Issue Committee	The rights issue committee of our Company consisting of A. Nithya, P. Muralidasan and P. R. Sundararajan
Share Allotment Committee	The share allotment committee of our Company consisting of P. Arulsundaram, A. Nithya and K. Rangasamy.
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Company consisting of A. Nithya, P. Muralidasan and P. R. Sundararajan.
Subsidiaries	The Subsidiaries of our Company viz.,:

Terms	Description
	1. R.P.P Infra Projects (Lanka) Limited; 2. R.P.P Infra Overseas PLC; 3. Sanskar Dealcom Private Limited; 4. Greatful Mercantile Private Limited; 5. Lunkar Finance Private Limited (a step down subsidiary); and 6. RPP-Annai (JV) Private Limited.

Offer related terms

Term	Description
2020 SEBI Circular	The SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22,2020.
Abridged Letter of Offer or ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.
Allot, Allotment or Allotted	Allotment of the Rights Equity Shares pursuant to the Issue.
Allotment Account(s)	The account(s) opened with the Banker(s) to this Issue, into which the Application Money lying credit to the Escrow Account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being **[●]**.
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Rights Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Person(s) who is Allotted the Rights Equity Shares pursuant to the Allotment.
Applicant(s) or Investors	Eligible Equity Shareholder(s) and / or Renouncee(s) who are entitled to apply or make an application for the Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer.
Application(s)	Application made through: (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process; or (ii) filling the online Application Form available on R-WAP (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts), to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application using the R-WAP or 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 the Rights Equity Shares in the Issue.
Application Money	Aggregate amount payable at the time of Application i.e. ₹ [●] per Rights Equity Share applied for in the Issue.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB or to block the Bid Amount using the UPI Mechanism.
ASBA Account	A bank account maintained with an SCSB which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder.
ASBA Circulars	Collectively, the SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, the SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the 2020 SEBI Circular.

Term	Description
Banker(s) to the Issue	Collectively, the Escrow Collection Bank(s), the Allotment Account Bank(s) and the Refund Bank(s) to the Issue.
Banker to the Issue Agreement	Agreement dated [●] 2021 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for receipt of the Application Money in the Escrow Account from Applicants making an Application through R-WAP facility, including for the purposes of refunding the surplus funds, as applicable.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in the chapter entitled *'Terms of the Issue'* beginning on page 222.
Call(s)	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Monies.
Call Money(ies)	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule, being ₹ [●] per Rights Equity Share ([●]% of the Issue Price) after payment of the Application Money.
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of the Rights Equity Shares for the purpose of issuing of the Call.
Controlling Branches or 'Controlling Branches of the SCSBs'	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes .
Depositories Act	The Depositories Act, 1996.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, in this case being NSDL and CDSL.
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	[●]
Draft Letter of Offer	This draft letter of offer filed with the Stock Exchanges.
Eligible Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company as on the Record Date.
Escrow Account	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility.
'Escrow Collection Bank', 'Allotment Account Bank(s)' or 'Refund Bank(s)'	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, **[●]**.
IEPF	Investor Education and Protection Fund.
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, [●] and the Renouncee(s).
ISIN	International Securities Identification Number.

Term	Description
Issue	This Issue of upto [●] equity shares (including [●] equity shares reserved for the Warrant Holders) of face value ₹ 10 each of our Company for cash at a price of ₹ [●] per equity share, aggregating upto ₹ 48.00 crores (assuming full subscription) on a rights basis (i) to the existing Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] fully paid-up equity share(s) held by the existing Eligible Equity Shareholders on the Record Date, that is on [●]; and (ii) the reserved portion in favour of the Warrant Holders. The Warrant Holders will be eligible to the Rights Equity Shares only on, and to the extent of, warrants converted by them, and on the same terms as available to the Eligible Equity Shareholders. On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time.
Issue Agreement	Agreement dated August 13, 2021 entered into between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Documents	Collectively, this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer.
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ [●] per Rights Equity Share. On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time.
Issue Size	Amount aggregating up to ₹ 48.00 crores (assuming full subscription).
Lead Manager	Inga Ventures Private Limited, the lead manager to the Issue
'Letter of Offer' or 'LOF'	The final letter of offer to be filed with the Stock Exchanges, and SEBI for information and dissemination on the SEBI's website.
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations.
Multiple Application Forms	More than one application forms submitted by an Eligible Equity Shareholder / Renouncee in respect of the same Rights Entitlement available in their demat account. However, supplementary applications in relation to further the Equity Shares with / without using additional Rights Entitlement will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For details, please refer to the chapter entitled *'Objects of the Issue'* beginning on page 61.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●].

Term	Description
Payment Schedule	Payment schedule under which [●]% of the Issue Price is payable on Application, i.e., ₹ [●] per Rights Equity Share, and the balance unpaid capital constituting [●]% of the Issue Price i.e., ₹ [●] per Rights Equity Share will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time.
‘Qualified Institutional Buyers’ or ‘QIBs’	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
R-WAP	Registrar’s web based application platform accessible at www.cameoindia.com, instituted as an optional mechanism for resident Investors in accordance with the SEBI R-Wap Circulars.
R-WAP Circulars	The SEBI circulars bearing reference numbers SEBI/HO/CFD/DIL2/CIR/P/2021/552 April 22, 2021, SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/ submitting online Application Forms by resident public Investors.
Record Date	Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply for the Rights Equity Shares, being [●].
‘Registrar to the Issue’ or ‘Registrar’	Cameo Corporate Services Limited
Registrar Agreement	Agreement dated June 22, 2021, 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, including in relation to the R-WAP facility.
Renouncee(s)	Person(s) who has / have acquired Rights Entitlements from the Eligible Equity Shareholders.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date and shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Rights Entitlement(s)	Number of the Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of the Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP and on the website of our Company.
Rights Equity Shares	The Equity Shares offered and to be issued and allotted pursuant to the Issue.
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and the R-WAP Circulars.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE.
Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Warrants	29,50,000 warrants outstanding out of the 40,00,000 warrants allotted by our Company on July 14, 2020 to the Warrant Holders.
Warrant Holders	Holders of the Warrants namely P. Arulsundaram and A. Nithya.

Term	Description
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI.
Working Day(s)	In terms of Regulation 2(1)(mmm) of the SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai, Maharashtra are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Industry related terms

Term	Description
BOT	Build, Operate and Transfer
EPC	Engineering, Procurement and Construction
JV	Joint Venture
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
Order Book	Expected revenues from the uncompleted portions of our existing contracts as of a certain date.
PPP	Public Private Partnership

Conventional and general terms or abbreviations

Term	Description
'₹', 'Rs.', 'Rupees' or 'INR'	Indian Rupees
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations.
'AS' or 'Accounting Standards'	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act, 1956	*Erstwhile* Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act/ Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder.
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020.
Depositories	Together, NSDL and CDSL
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade
DP ID	Depository Participant's Identification
'DP' or 'Depository Participant'	A depository participant as defined under the Depositories Act.
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization, which is calculated by adding finance cost and depreciation and amortization expense to

Term	Description
	Profit before exceptional items less other income.
EGM	Extraordinary General Meeting
EPS	Earnings per Share.
FDI Circular 2020	Consolidated FDI Policy dated October 15, 2020 issued by the DPIIT Ministry of Commerce and Industry, Government of India.
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
‘Financial Year’, ‘Fiscal’, ‘fiscal’, ‘Fiscal Year’ or ‘FY’	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FIPB	The erstwhile Foreign Investment Promotion Board
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations.
GDP	Gross Domestic Product
‘GoI’ or ‘Government’	Government of India
GST	Goods and Services Tax
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
‘Income Tax Act’ or ‘IT Act’	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as referred to in and notified under the Ind AS Rules.
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015
India	Republic of India
IST	Indian Standard Time
MCA	Ministry of Corporate Affairs, Government of India
MSME	Micro, Small & Medium Enterprises
‘N.A.’ or ‘NA’	Not Applicable
NACH	National Automated Clearing House
NBFC	Non-Banking Financial Company
NCLT	National Company Law Tribunal
NEFT	National Electronic Fund Transfer
No.	Number
NR	Non-resident
NRI	A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
Regulations S	Regulation S under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019

Term	Description
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed by the SEBI AIF Regulations
Stock Exchanges	Together, BSE and NSE
STT	Securities Transaction Tax
TDS	Tax Deducted at Source
Trademarks Act	Trade Marks Act, 1999
UPI	Unified Payment Interface
'U.S.' or 'USA' or 'United States'	United States of America
'USD' or 'US$'	United States Dollars, the lawful currency of the United States
U.S. Securities Act	United States Securities Act of 1933, as amended
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter, any other issue material and issue of the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form or the Rights Entitlement Letter may come are required to inform themselves about, and observe, such restrictions. For details, see the chapter entitled *'Restrictions on Purchases and Resales'* beginning on page 261.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and the Warrant Holders (when the Warrants are converted) and will dispatch the Letter of Offer / the Abridged Letter of Offer, Application Form the Right Entitlement Letter and any other issue material only to such Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Those overseas Eligible Equity Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer / the Abridged Letter of Offer and Application Form, shall not be sent the Letter of Offer / the Abridged Letter of Offer and Application Form.

Further, the Letter of Offer will be sent / dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address, on a reasonable effort basis.

Investors can also access the Letter of Offer, the Abridged Letter of Offer and Application Form from the websites of our Company, the Registrar, the Lead Manager, the Stock Exchanges and on R-WAP.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and Application Form.

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 the Letter of Offer will be filed with the Stock Exchanges, and submitted to SEBI for information and dissemination. Accordingly, the Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, collectively referred to as the Issue Documents, or any issue materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Documents will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Issue Documents must be treated as sent for information only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied, extracted or redistributed, in part or full. Accordingly, persons receiving a copy of the Issue Documents should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Documents in or into any jurisdiction where to do so, would or might contravene local laws or regulations. If the Issue Documents is 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 the Issue Documents. Envelopes containing the Application Form should not be dispatched from the jurisdiction where it would be illegal to make an offer and all the person subscribing for the Rights Equity Shares in the Issue must provide an Indian address.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the Rights

Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his 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). 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 the chapter entitled *'Restrictions on Purchases and Resales'* beginning on page 261.

Our Company, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any Application Form as invalid where we believe that such Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

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 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 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 delivery of the Issue Documents 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 at any time subsequent to the date of the Issue Documents or the date of such information.

The contents of this Draft 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 offer of the Rights Equity Shares or the Rights Entitlement. As a result, each investor should consult its own counsel, business advisor and / or tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in 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. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

The Rights Entitlements and the Rights Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the U.S. Securities and Exchange Commission, any other federal or state securities authorities in the United States, the securities authorities of any non-United States jurisdiction and any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in certain other jurisdictions.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (**United States** or **U.S.**). The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any the Rights Equity Shares or the Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States.

Accordingly, the Issue Documents and the Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer. No payments for subscribing to the Rights Equity Shares shall be made from US bank accounts and all persons subscribing to the Rights Equity Shares in the Issue and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of these Rights Equity Shares in India. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and the Warrant Holders (when the Warrants are converted) and the Letter of Offer / the Abridged Letter of Offer and the Application Form will be dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, the Letter of Offer, that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or acquiring the Rights Entitlements, it will not be, in the United States; does not have a registered address (and is not otherwise located) in the United States when the buy order is made; and (iii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Equity Shares or the Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from a person located in the United States; where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Our Company is informed that there is no objection to a United States shareholder selling its Rights Entitlements in India. However, the Rights Entitlements may not be transferred or sold to any person in the United States.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to 'India' contained in this Draft Letter of Offer are to the Republic of India. All references to the 'Government', 'Indian Government', 'GoI', 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references to the 'Mauritius' are to the Republic of Mauritius and all references to the 'Lanka', or 'Sri Lanka' are to the Democratic Socialist Republic of Sri Lanka.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time.

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

Financial Data

Unless stated or the context requires otherwise, our financial data included in this Draft Letter of Offer is derived from the Audited Consolidated Financial Statements. For further information, see the section entitled *'Financial Information'* beginning on page 148.

We have prepared our Audited Consolidated Financial Statements in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company publishes its financial statements in Indian Rupees. The Audited Consolidated Financial Statements should be read along with the report issued thereon.

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

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

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in crores.

Currency and Units of Presentation

All references to "Rupees" or "₹" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "U.S. Dollar", "USD" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America.

Certain numerical information has been presented in this Draft Letter of Offer in "Crores" units. 1,00,00,000 represents one crore and 10,00,000 represents one million.

Exchange Rates

These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and the U.S. Dollar:

Currency	As at		
	March 31, 2021	**March 31, 2020**	**March 29, 2019***
1 US$	73.50	75.39	69.17

Source: www.fbil.org.in
** Exchange rate as on March 29, 2019, as the exchange rate is not available for March 30, 2019 and March 31, 2019 being a Saturday and Sunday, respectively.*

Industry and Market Data

Unless stated otherwise, certain information in chapters entitled '*Industry Overview*' and '*Our Business*' beginning on pages 71 and 127, respectively, of this Draft Letter of Offer has been obtained or derived from the report titled '*Assessment of Construction Industry in India, June 2021*' prepared by CRISIL (**CRISIL Report**).

The CRISIL Research reports contain the following disclaimer:

CRISIL Research, a division of CRISIL Limited (**CRISIL**) has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (**Data**). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / CRISIL Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / CRISIL Report. This CRISIL Report is not a recommendation to invest / disinvest in any company / entity covered in the CRISIL Report and no part of this report should be construed as an investment advice. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this CRISIL Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (**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.

Although we believe that the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us or the Lead Manager and neither our Company nor the Lead Manager make any representation as to the accuracy of that information. The data used in these sources may have been reclassified by us for the purposes of presentation. The data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section entitled *'Risk Factors'* beginning on page 22. Accordingly, investors should not place undue reliance on this information and investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader's familiarity with, and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

This Draft Letter of Offer contains certain statements that are not statements of historical fact but constitute 'forward-looking statements'. These forward-looking statements generally can be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'expect', 'estimate', 'intend', 'objective', 'plan', 'propose', 'project', 'will', 'will continue', 'will pursue' 'seek to', 'shall' or other words or phrases of similar import. Similarly, statements whether made by us or any third parties that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

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

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

- Our former auditor has made serious allegation of financial fraud against our Whole-time Director and Chief Financial Officer, which if determined adversely, could affect our business, reputation and prospects.
- Our continued business and financial condition are significantly dependent on the Indian construction and infrastructure and water management industries.
- Failure to comply with environmental legislations.
- Unfavourable outcome of various taxation litigations to which our Company is a party.
- We are heavily dependent on government contracts, particularly, our contracts with the Government of Tamil Nadu. Any ability to consistently secure government contracts or any change in the political and economic situation could adversely affect our business and financial condition.
- The failure of a JV partner to perform its obligations could impose additional financial and performance obligations resulting in reduced profits, or in some cases, significant losses from the joint venture.
- Increase in the prices of construction materials, fuels, labour and equipment could have an adverse effect on our business, result of operations and financial condition.

For further discussion on factors that could cause actual results to differ from expectations, please see the section entitled *'Risk Factors'* and the chapters entitled *'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations'* beginning on pages 22, 127 and 200, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

Forward-looking statements reflect the current views of our Company as at the date of this Draft Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. 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. None of our Company, our Directors, the Lead Manager nor any of their respective affiliates has any obligation to update or otherwise revise any statements whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise reflecting circumstances arising after the date of this Draft Letter of Offer or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

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

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Draft Letter of Offer, including the section entitled *'Risk Factors'* and the chapters entitled *'Objects of the Issue', 'Our Business' and 'Outstanding Litigations and Defaults'* beginning on pages 22, 61, 127 and 211, respectively.

Summary of business

We are an Indian company head quartered in Tamil Nadu that provides engineering, procurement and construction services. We operate across different states with a focus on South India and, in particular, Tamil Nadu. We also execute projects overseas, for the Government of India, in neighbouring Asian countries.

We are, currently, executing 41 projects across 6 Indian states with an Order Book of ₹ 3,113.25 crores.

Objects of the Issue

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

(₹ in crores)

Particulars	Estimated amount
Long-term working capital#	40.00
General corporate purposes*	[●]
Net Proceeds**	48.00

 # As certified by Maheshwari & Co. vide their certificate dated August 13, 2021.
** To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges. The amount shall not exceed 25% of the Gross Proceeds.*
*** Assuming full subscription by the Eligible Equity Shareholders and conversion of all warrants into the Equity Shares and subscription by the Warrant Holders to the Rights Equity Shares to the full extent of their eligibility.*

Intention and extent of participation by our Promoters and Promoters Group

Our Promoters and Promoter Group have undertaken to subscribe, on their own account, to the full extent of their Rights Entitlement in the Issue. Our Promoters and Promoter Group have confirmed that they intend to subscribe to the Rights Equity Shares offered in the Issue that remain unsubscribed. However, such participation in excess of their Rights Entitlement shall not result in a breach of the minimum public shareholding requirement stipulated in the SCRR and the SEBI Listing Regulations.

Our Promoters are also holding Warrants of our Company. The Warrant Holders will be eligible to the Rights Equity Shares only on, and to the extent of, Warrants converted by them, and on the same terms as available to the Eligible Equity Shareholders. Our Promoters also undertake to subscribe to the Rights Equity Shares, if, and to the extent, they convert their Warrants into the Equity Shares.

Summary of Outstanding Litigations

For details, please refer to the chapter entitled *'Outstanding Litigation and Defaults'* beginning on page 211.

Risk Factors

For details of the risks applicable to us, including to our business, the industry in which we operate and our Equity Shares, see the section entitled *'Risk Factors'* beginning on page 22.

Contingent Liabilities

For details regarding our contingent liabilities, see the chapter entitled *'Financial Statements'* beginning on page 148.

Related Party Transactions

For details of our related party transactions, see the chapter entitled *'Financial Statements'* beginning on page 148.

Details of the Equity Shares Issued for Consideration Other than Cash in last 1 year

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

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any, or a combination, of the following risks materialises, our business, results of operations, cash flows and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. This section describes the risks that we currently believe may materially affect our business and operations. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we do not, currently, believe to be material may also have an adverse effect on our business, results of operations, cash flows and financial condition. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. Unless otherwise stated in the relevant risk factors set forth below, we are not able to specify or quantify the financial or other risks mentioned herein. Investment in equity and equity related securities involves a high degree of risk and the Investors should not invest any funds in this Offer unless they can afford to take the risk of losing all or a part of their investment. In making an investment decision, prospective Investors must rely on their own examination of our Company and the terms of the Offer, including the risks involved. To obtain a complete understanding of our business, you should read the chapters entitled 'Our Business', 'Management's Discussion and Analysis of Financial Condition and Result of Operations' and 'Financial Statements' beginning on pages 127, 200 and 148, respectively. If our business, result of operations or financial condition suffers, the price of the Equity Shares and the value of your investments in the Equity Shares could decline.

Further, the COVID-19 pandemic may give rise to additional risk factors, that we are unaware of or which we do not believe or expect to be material, or exacerbate the risk factors that are set out below.

This Draft Letter of Offer also contains forward-looking statements that involve risks, estimates, assumptions and uncertainties. Our actual results may differ materially from the anticipated results in the forward-looking statements as a consequence of certain factors including the considerations described below and elsewhere in this Draft Letter of Offer.

Unless otherwise indicated, all industry and market data used in this section has been derived from the CRISIL Report. None of our Company, the Lead Manager or any other person connected with the Issue has independently verified such information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements included in this Draft Letter of Offer. For further information, see the *chapter entitled 'Financial Statements' beginning on page 148. In this section, unless the context otherwise requires, a reference to "our Company", "us" or "our" is a reference to R.P.P Infra Projects Limited.*

Internal Risk Factors

1. ***Our former statutory auditor has made serious allegation of financial fraud against our Whole-time director and Chief Financial Officer and a notice of inquiry has been issued by the RoC. Any adverse ruling in this matter could affect our business, financial condition and reputation.***

The former statutory auditor of our Company i.e., M/s Sundaram & Narayanan have submitted a report under Section 143 (12) of the Companies Act, 2013 to the Secretary of MCA through letter dated October 11, 2019 (**Statutory Auditor Report**). Per the Statutory Auditor Report, A. Nithya (our Whole-time Director and Chief Financial Officer) is alleged to have committed financial fraud against our Company amounting to ₹ 16.77 crores. In December, 2017, our Company filed a settlement application (bearing no. TN/CN 52/2017-18/70/IT dated December 27, 2017) before the Additional Bench of the Income Tax Settlement Commission (**Settlement Commission**). The said application was in respect of a notice issued by the Principal Commissioner of Income Tax Central-2, Chennai dated May 05, 2017. The Settlement Commission has passed an order dated June 24, 2019 (**Settlement Order**) assessing the total aggregate income of our Company for the period AY 2011 to AY 2016 as ₹132.34 crores and directing our Company to pay the tax thereon along with interest in 3 quarterly instalments beginning from quarter ended September, 2019. The Statutory Auditor Report, relying on the Settlement Order noted that A. Nithya has withdrawn ₹ 25,33,85,826 comprising of bogus expenses of ₹ 25,18,57,141 and bogus purchases of ₹ 15,28,685 over a period of 7 years from April 1, 2009 to March 31, 2016. Pursuant to the Statutory Auditor Report, our Company has received notices of inquiry issued by RoC dated December 18, 2019 and January 6, 2021. Our Company has replied to the aforementioned notices of inquiry through letter dated January 29, 2021 and the matter is still pending. Any adverse ruling against our Company and/or our CFO, pursuant to the aforementioned notices of inquiry will have a significant negative impact on our business operations, financial conditions and reputation. For details in relation notice of inquiry, please see the chapter entitled *'Outstanding Litigation and Other Defaults'* beginning on page 211.

2. ***Our Company is required to comply with environmental legislations and failure to comply with applicable environmental norms could adversely impact our business, results of operation and financial condition.***

We are, primarily, in the business of construction and undertake EPC contracts. A significant portion of our contracts are with government entities and, awarded through a tender based bidding process. These tenders are subject to a number of conditions including stipulations on compliance with central and local environmental norms. While our Company seeks to be compliant with applicable laws, and has made applications to obtain the relevant approvals in respect of certain contracts, on various contracts including those with a shorter time frame, due to paucity of time and the time involved in obtaining approvals, we are non-compliant with applicable environmental laws.

Indian environmental laws impose strict conditions and failure to comply with these conditions could result in significant penalties and also lead to the imprisonment of the persons who are 'in charge of, and responsible to the company for the conduct of the business of the company'. Therefore, if proceedings are initiated and punitive action follows, we could be subject to heavy monetary penalties and, our Promoters and / or Directors, who could be deemed to be responsible for conducting our business and operations, could face imprisonment. Further, if we are non-compliant with the terms and conditions of the tender / contract, we could face penalties under, or lose, such contracts. If any of the aforementioned risks materialize, our business, reputation, results of operations and financial conditions could be severely, materially and adversely affected.

3. ***There are outstanding litigations involving our Company which, if determined against us, may adversely affect our business and financial condition.***

As on the date of this Draft Letter of Offer, our Company is involved in certain legal proceedings. There are various outstanding legal proceedings against our Company pending at various levels of adjudication before various courts, tribunals and authorities in India. In addition, our Company is also subject to risks of litigation including public interest litigation, contract, employment related, personal injury and property damage.

We cannot provide any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business including the financial condition of our Company. There can be no assurance that the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace or that we will be able to recover any losses incurred on account of third parties, regardless of whether we are at fault. Even if we are successful in defending such cases, we may be subject to legal and other costs incurred pursuant to defending such litigation. There can be no assurance that losses relating to litigation will be covered by insurance or that any such losses would not have a material adverse effect on the results of our operations or financial condition.

A summary of the pending tax proceedings and other material litigations is as follows:

Nature of Cases	Number of proceedings	Total amount involved (₹ crores)
Litigations involving our Company		
Civil litigations against our Company	2	64.16

Nature of Cases	Number of proceedings	Total amount involved (₹ crores)
Civil litigation by our Company	3	78.13
Taxation proceedings*	23	141.64
Taxation demands#	2	12.54
Total	**30**	**296.93**

* *The amounts reflected in the table above are based on the data uploaded on the portal of the Income Tax authority. The income tax portal has not been updated to reflect certain payments made by our Company, and the effect of such payments has not been given in the table above. Further, the data in the income tax portal is also at variance with certain demand notices / orders received by our Company. The table above reflects the amount shown in the portal or the demand notices/orders received whichever is later.*

\# *Please note that on March 1, 2021 our Company has received a summons under Section 70 of the Central Goods and Services Tax Act, 2017. For further details of the summons received by our Company please refer to the chapter entitled 'Outstanding Litigation and Other Defaults' beginning on page 211.*

4. ***Our Company does not have long-term agreements with suppliers for our raw materials and an increase in the cost of, or a shortfall in the availability or quality of, such raw materials could have an adverse effect on our business and results of operations.***

We are EPC contractors and our business depends on the availability of reasonably priced, high quality raw materials in the quantities required by us. During Fiscal 2021 and Fiscal 2020 our cost of materials consumed on a consolidated basis was ₹ 122.22 crores and ₹ 155.81 crores, comprising 24.99% and 26.62%, respectively, of our total consolidated revenue. The price and availability of such raw materials is subject to supply side disruptions and is dependent on several factors beyond our control including overall economic conditions, Indian regulatory environment, production levels and competition. Further, raw materials are subject to price volatility.

We do not have any contracts with, or long-term arrangements for sourcing raw materials from suppliers. The absence of long-term contracts at fixed prices makes us susceptible to short-term supply challenges and exposes us to volatility in the prices of raw materials. Generally, our contracts do not permit cost escalation in the event of an increase in the price of raw materials, and if we are unable to source raw materials on commercially viable terms or if we are unable to pass these costs onto our customers, it could have an adverse impact on our margins, and consequently, profitability.

Further, if our primary suppliers of raw materials curtail or discontinue their delivery of such materials or products to us in the quantities we need, or on commercially acceptable terms, our delivery schedules could be disrupted, and our business and results of operations could be adversely affected.

5. ***Our continued business and financial condition is significantly dependent on the Indian construction and infrastructure and water management industries.***

We are EPC contractors who are engaged, primarily, in civil construction, execution of infrastructure and water management projects (each a **Customer Industry** and, collectively, the **Customer Industries**). Our business is, therefore, significantly dependent on the development and continued development and success of the Customer Industries. More particularly, given our focus on South India, the growth of the Customer Industries in South India will be key to continued success.

In Fiscal 2021 and Fiscal 2020, the revenue generated from Customer Industries comprised 99.49% and 100% of our total revenues, respectively. Further, individually, each of civil construction, execution of infrastructure and water management contributed 37.53%, 33.35% and 29.12% to our total revenues during Fiscal 2021.

The Customer Industries and the projects we execute are affected by multiple extraneous factors and are susceptible to micro and macro-economic conditions in India. Any adverse effect in the general economic conditions applicable to the Customer Industries could result in delays in the execution of our projects. Any delay in project execution could result in cost overruns. This could result in us having to increase our debt intake and result in higher interest payment obligations. Further, any prolonged downturn in any one or all the Customer Industries could have a significant adverse impact on our business and financial condition in the short term and could, potentially, have an adverse impact in the long term as well.

6. ***We derive our revenue from the construction business and our financial condition would be materially and adversely affected if we fail to obtain new contracts or our current contracts are terminated.***

We believe that the success of our projects depends on various factors such as general economic, demographic and political conditions in India, and particularly in South India, where majority of our projects are located. Substantially all of our revenue is directly related to civil construction, infrastructure and water management projects. The prices for raw material such as steel, cement, etc., for our construction activity is influenced by the demand for these products. For example, a lockdown by the government or shutdown in operations due to unforeseen events could result in obstruction in construction activity and meeting the project timeline, which may disrupt our finances or working capital cycle, negatively.

Our business depends significantly on our ability to bid for and be awarded the projects. In Fiscal 2021 and Fiscal 2020, the revenue from our civil construction contributed 98.94% and 73.75%, and respectively, of our revenue from operations. We bid for projects on an ongoing basis and infrastructure projects are typically awarded by the government entities following a competitive bidding process and satisfaction of prescribed qualification criteria. There can be no assurance that we would be able to meet such criteria, whether independently or together with other joint venture partners. In addition, we cannot assure you that we would bid where we have been qualified to submit a bid or that our bids, when submitted or if already submitted, would be accepted.

Our business, growth prospects and financial performance largely depends on our ability to obtain new contracts, and there can be no assurance that we will be able to procure new contracts. In the event we are unable to obtain new contracts, our business will be materially and adversely affected.

7. ***We are heavily dependent on government contracts, particularly, our contracts with the Government of Tamil Nadu. Any inability to consistently secure government contracts or any change in the political and economic situation could adversely affect our business and financial condition.***

We have in the past derived, and expect to continue to derive, a vast majority of our revenue from government projects in India. In Fiscal 2021 and Fiscal 2020, our revenues from our government contracts were ₹ 477.16 crores and ₹ 582.15 crores, comprising 93.09% and 97.02%, respectively, of our total revenue. Further, out of our total current Order Book of ₹ 3,113.25 crores, the value of our contracts with the government or government entities is ₹ 3,113.25, constituting 100% of our total outstanding Order Book. We are, therefore, heavily dependent on stability in the political and economic situation in the areas where we execute our operations and our business is also directly linked to the continued allocation of budgetary resources to, and government spending for, infrastructure related projects by the respective state governments. Any adverse effect on macro-economic factors in India, and in particular, those which affect the state governments with which we work closely could have a negative impact on our financial condition and the results of our operations. Our results of operations are and would continue to be dependent on the policies adopted by the central and state governments.

8. ***Our revenues largely depend on acceptance of the bids submitted to the Government and other government departments. Our performance could be affected in case majority of the bids are not accepted / awarded to us or we negotiate a lower bid value.***

Our business is substantially dependent on infrastructure projects undertaken by governmental authorities / government departments and other entities funded by the Government. Contracts awarded by the state and local governmental authorities are tender based. We compete with various infrastructure companies while submitting the tender to the Government and other agencies. In case we do not qualify or our bid is not accepted, we stand to lose the business. We cannot assure that any of the bids we submit would be accepted / awarded to us; therefore, our ability to procure business by bidding at the lowest rates is crucial for our revenues. Further our business and operations may be impacted as a result of various factors including change in the state governments, scaling back of government policies or initiatives, changes in governmental or external budgetary allocation, or insufficiency of funds, which can adversely affect our business, financial condition and results of operations.

9. ***A vast majority of our revenues are generated from projects that we execute in Tamil Nadu.***

We are EPC contractors headquartered in Erode, Tamil Nadu and have a large number of business interests in Tamil Nadu. We believe that we have, over the years, built up a certain credibility in Tamil Nadu with the state government and state government entities. A significant proportion of our revenues in the past were generated from projects executed in Tamil Nadu and we are active in Erode, Chennai, Coimbatore and Salem regions of Tamil Nadu. Our business is heavily dependent on work continuing to come in from Tamil Nadu, and our work in the past has also been focused on Tamil Nadu. In Fiscal 2021 and Fiscal 2020, our revenues from projects executed in Tamil Nadu was ₹ 257.07 crores and ₹ 191.25 crores, respectively, comprising 44.65% and 40.02%, respectively, of our total revenue. Further, out of our current total Order Book of ₹ 3,113.25 crores, the value of contracts / projects being executed in Tamil Nadu is ₹ 2,462.95 crores, constituting 79% of our total outstanding Order Book.

This concentration of our business in Tamil Nadu subjects us to various risks, including but not limited to:

a. regional slowdown in construction activities or reduction of infrastructure projects in Tamil Nadu;

b. vulnerability to change of policies, laws and regulations or the political and economic environment of Tamil Nadu;

c. constraint on our ability to diversify across states;

d. perception by our potential customers that we are a regional construction company, which hampers us from competing for large and complex projects at the national level; and

e. limitation on our ability to implement the strategy to cluster projects in the states where we intend to conduct business.

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

While we have steadily been seeking to expand our business horizons beyond Tamil Nadu and we have diversified into new states such as Gujarat and Rajasthan and union territory Delhi, we expect that projects executed in Tamil Nadu will continue to be a significantly large component of our business and revenues for a few years. Therefore, any inability to continue secure contracts in Tamil Nadu or, a downturn in the economy of Tamil Nadu or the number of projects generated in Tamil Nadu could have an adverse impact on our business and financial condition.

10. ***Our Order Book may not be representative of our future results and our actual income may be significantly less than the estimates reflected in our Order Book, which could adversely affect our results of operations.***

Our Order Book sets forth our expected revenues from the uncompleted portions of the construction contracts received. Currently, our Order Book comprises of 41 contracts worth ₹ 3,113.25. While our Order Book has grown from 36 contracts aggregating ₹ 1,788.19 crores on March 31, 2020 to 41 contracts aggregating ₹ 3,113.25 crores as on March 31, 2021, there can be no assurance that our Order Book will continue to grow or that we will be able to garner as many contracts as before.

Our projects are subject to multiple external factors which could result in delay or modifications in the scope of our projects – contracts may, also, on occasion be subject to premature cancellation or termination due to various factors including due to contractual default, external factors such as force majeure events and legal or regulatory impediments. External factors that could delay or stymie our projects include inability on the part of the customers to secure necessary regulatory approvals, acquire land and securing right of way.

Failure to execute the projects within the time frames stipulated in the contract could incur significant additional costs due to project delays, make us liable for liquidated damages, our contractor counterparties may refuse to grant us any extension of time to complete the project. The schedule of completion may need to be reset and we may not be able to recognize revenue if the required percentage of completion is not achieved in the specified timeframe. Additionally, the guarantees that are provided for the project could also be invoked. Further delays could also strain our financial position, increase our cost of borrowing and / or have a cascading effect on our other projects.

As a result of the foregoing, our future earnings may be different from the amount in the Order Book. Our contracts may be amended, delayed or cancelled before work commences or during the course of construction. Due to unexpected changes in a project's scope and schedule, we cannot predict with certainty when, or if, expected revenues as reflected in the Order Book will be achieved. If any or all of these risks materialize, our business, prospects, reputation, profitability, financial condition and results of operation may be materially and adversely affected.

We may not have the full protection in our construction contract against such delays or associated liabilities and / or additional costs. Further, we have escalation clauses in some of our contracts, which may be interpreted restrictively by our counterparties, who may dispute our claims for additional costs. As a result, our revenues may be different from the amounts stipulated in the Order Book. Our contracts may be amended, delayed or cancelled before work commences on such contracts, or during the course of construction. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed or receivables due from such contracting parties. If any or all of these risks materialize, our business, prospects, reputation, financial condition and results of operations may be adversely affected.

Further, certain amounts due to us under every invoice / bill raised by us are retained by the governmental authorities pursuant to agreements entered into with us, which are released at subsequent stages subject to fulfilment of milestones or contracts. Delays in completion of projects or achieving designated project milestones, may lead to non-release of such amounts or requiring us to provide bank guarantees to secure the release of such amounts, which in turn may require us to seek additional working capital, which may not be available to us on commercially favorable terms, or at all.

11. ***The secretarial compliance report for Fiscal 2021 dated June 30, 2021 identifies certain aspects of non-compliance with the SEBI Listing Regulations and the SEBI (Depositories Participants) Regulations, 2018.***

The annual secretarial compliance report dated June 30, 2021 prepared by a practicing company secretary in compliance with Regulation 24A of the SEBI Listing Regulations sets out certain non-compliances by our Company which have been reproduced (verbatim) below:

"Sr. No.	***Compliance Requirement***	***Deviations***	***Observations / remarks of the practicing company secretary***
1.	*Reg. 30 Schedule Ill Part A Para A Clause 13- SEB/ (LODR) Regulations, 2015- Proceedings of General Meetings to be reported to stock exchanges within 24 hours as soon as reasonably possible and not later than twenty-four hours from the occurrence of event or information.*	*EGM concluded on 12 June 2020 at 2:55 PM and the EGM Proceeding was reported to BSE at 4:02 PM and to NSE at 4:20 PM on 13 June 2020. There was clear delay of more than one hour*	*Company has represented that they had issue with the network connectivity and due to pandemic and no availability of staff at the office, this was delayed marginally. (sic)*
2.	*Regulation 47(1) (a)& (b) - SEBI (LODR) Regulations, 2015- The listed entity shall*	*Newspaper publication in relation to the notices for Board Meeting for quarter*	*Company has represented that being in the smaller town and continued problem due to Coivid-*

“Sr. No.	Compliance Requirement	Deviations	Observations / remarks of the practicing company secretary
	publish in the newspaper the notice of meeting of the board of directors where financial results shall be discussed and also publish the financial result both in English and Vernacular Language	*ended 30th September 2020 and 31st December 2020 have not been made in both languages and Newspaper publication in relation to Financial Result for quarter ended 30" September 2020 has not been made in both language and quarter ended 31st December 2020 has not been made in vernacular language.*	*19 and certain publication was missed as they could not communicate with publishers. Since the SEBI has also granted relaxation for brief period and subsequently amended LODR withdrawing requirement of newspaper publication, same may be viewed leniently.(sic)*
3.	*Reg 74(5) of SEBI (Depository Participants) Regulation 2018- Quarterly Confirmation Certificate by RTA for Securities received _ for Dematerialization and listing on the stock exchange to be filed within 15 days from the end of quarter*	*For the quarter ended 30th June 2020, submission was delayed d by two days; For the quarter ended 30th September 2020, submission was delayed by two days; and For the quarter ended on 31st December 2020, submission was delayed by seven days.*	*Company has represented that due to pandemic, Company has received the report with delay from RTA for the quarter ended 30th June 2020 and 30th September 2020.* *Company has represented that due to pandemic, Company has received the report with delay from RTA due to Pongal holidays for the ended 31st December 2020. We have quarter not been able to insentiently vesrify the date of pandemic receipt, however, has delayed information flow and hence same may be viewed leniently.*” (*sic*)

While no proceedings have been initiated and no action has been taken against our Company with regard to the aforementioned non-compliances, we cannot assure you that no proceedings will be initiated and/or action taken. Further, in Fiscal 2020, we were required to, and we paid, a penalty of ₹ 25,000 (@ of ₹ 5,000 per day of delay) for not disclosing the vacancy of independent director within the time period stipulated.

12. ***Our Statutory Auditor, in the auditor’s report for the consolidated financial statements for Fiscal 2021 has placed emphasis on, and invited attention to, certain matters.***

Our Statutory Auditor, in the auditor’s report for the consolidated financial statements for Fiscal 2021 has placed emphasis on, and invited attention to, certain matters – our Statutory Auditor, though, has not modified his report in this regard. Set out below are the specific matters on which our statutory auditor has placed emphasis on:

“… The mobilisation advance received by the Company from certain departments and the proportionate amount which has to be classified as GST liability has been shown as mobilisation advance liability to the extent of ₹ 1.99 Crores (Refer Note No. 25). My report is not modified in respect of this matter.

I draw attention to note No.2.03(viii) of the standalone financial statements in which the company describes the uncertainties arising from the Covid-19 Pandemic….”

13. ***Any change in the scope of work agreed under contracts may result in disputes, which could have a material and adverse impact on the profits from that project.***

In certain cases, we may be required to perform additional work on a project that is beyond the stated scope of the contract. We may not receive any remuneration for the same, or payments in respect of the same may be delayed or may not be commensurate to the quantum of work performed, which may have a material adverse effect on our profits. Further, in certain contracts we may be required to execute modified work orders as directed by the customer which may not be agreed upon at the time of execution of the contract. This process may result in disputes and may result in delayed or inadequate payments. This could have an adverse effect on our profits.

14. ***Our Company has applied for an extension of time for completion of certain outstanding work orders. The aforesaid work orders could stand cancelled and/or liquidated damages may be levied if the concerned customers do not extend the completion date for the aforesaid orders, which could adversely affect our results of operations, financial condition and cash flows.***

Recently, our Company had to face certain instances of delayed project delivery due to various external factors. Historically, we have entered into certain contracts which require us to pay liquidated damages on non-delivery of the project as per the specified schedule. Our Company has applied for an extension of time for completion of certain outstanding work orders. If the relevant customers do not give their approval for extension or refuse the extension sought by our Company, the aforesaid orders could stand cancelled or liquidated damages may be levied by the customers. Lately, pursuant to our request, the contract entered with Tamil Nadu Water Supply and Drainage Board for construction of wayside Rural Habitations in Erode and Tiruppur Districts was extended upto October 31, 2021.

In the past, we have paid liquidated damages and we cannot assure you of such liability not arising again in the future, which in turn could adversely affect our results of operations and financial position. Further, our Company may not be able to recover any additional expenses that it may incur, if any, in connection with the delay in execution of the relevant projects and recovery of outstanding contract amounts, in part or in its entirety, which could adversely impact the financial condition and cash flows of our Company.

15. ***Our business is substantially dependent on our ability to maintain and increase our pre-qualification status.***

A vast majority of our business is concentrated on projects undertaken directly by the governments or government entities. Different projects are subject to different eligibility criteria i.e., pre-qualification criteria, including experience and past performance, technical ability, safety record, financial strength and the size of previous contracts executed for similar projects either with the said entities or with other entities. Our business, therefore, requires that we continue to maintain pre-qualified status so that we are not disqualified from future projects that these customers may award. On certain occasions, to meet the pre-qualification criteria we were required to, or we opted to tie-up with other operators which could have an affect on our revenue model. Additionally, in such instances we may be subject to inter-se contractual obligations with such operator. The loss of one or more significant customers or projects for any reason, or our failure to enter into commercially acceptable arrangements with other operators, including as a result of disqualification or dispute, could have an adverse effect on our results of operations.

16. ***The failure of a JV partner to perform its obligations could impose additional financial and performance obligations resulting in reduced profits, or in some cases, significant losses from the joint venture.***

We enter into various joint ventures with domestic construction companies as part of the business and to qualify to bid for larger projects. The success of these joint ventures depends significantly on the satisfactory performance by the JV partners and fulfilment of their obligations. While no JV partner has, till date, failed in its obligations, should the JV partners fail to perform these obligations satisfactorily in the future, we may be required to make additional investments and/or provide additional services to ensure necessary performance under the contract in view of the joint and several liabilities of the members of the joint venture in a number of projects.

These additional obligations could result in reduced profits or, in some cases, significant losses for our Company. The inability of a JV partner to continue with a project due to financial or legal difficulties could mean that we bear increased and possibly sole responsibility for the completion of the project and bear a concomitant increase in the financial risk of the project**.**

17. ***Our business is highly capital intensive and we have a high working capital requirement. If we are unable to raise or generate sufficient working capital our operations will be adversely affected.***

Our business is highly capital intensive and we are subject to high working capital requirements. Currently, we meet our working capital requirements through a mix of internal accruals and working capital facilities from scheduled commercial banks and non-banking financial companies. As on March 31, 2021, we had sanctioned working capital facilities aggregating ₹ 293.50 crores of which facilities aggregating ₹ 271.21 crores were outstanding.

While we believe that our internal accruals and working capital facilities availed of from our lenders will be sufficient to address our working capital requirements, we cannot assure you that we will continue to generate sufficient internal accruals and / or raise adequate working capital from lenders to address our future needs. Our inability to meet our present working capital requirements or our enhanced working capital requirements will have an adverse impact on our results of operation, business and financial condition. Additionally, if the rate of interest at which the loans are available by us increases our finance costs would increase and adversely affect our profitability. For further details pertaining to our present working capital position, please refer to the chapters entitled '*Management's Discussion and Analysis of Financial Condition and Results of Operation*' and '*Financial Statements*' beginning on page 200 and page 148, respectively.

In addition, our Promoters and members of the Promoter Group have also extended their personal guarantees or pledged the Equity Shares in our Company for some of the debt facilities availed by our Company. Any inability to continue to provide such guarantee or their inability to honour such guarantee could adversely impact our ability to raise debt which could impact our cash flows, result in cash flow mismatch and adversely affect our financial condition.

18. ***We have incurred significant indebtedness which exposes us to various risks and restrictions which may have an adverse effect on our business, results of operations and financial condition.***

As of March 31, 2021, our total secured and unsecured indebtedness was ₹ 259.37 crores and ₹ 45.48 crores, respectively. The level of our indebtedness could have several important consequences, including but not limited to the following:

a. a significant portion of our cash flow may be used towards repayment of our existing debt, which will reduce the available cash flow to fund our capital expenditures and other general corporate requirements;

b. defaults of payment and other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our assets;

c. a substantial portion of our long term indebtedness is subject to fixed rates of interest. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings; and

d. our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited.

Further, our Company has entered into various types of borrowing facilities for the aforementioned indebtedness of varying terms and tenures from lenders. Some of the financing arrangements entered into by us include conditions and covenants that require our Company to obtain lender's consents prior to carrying out certain activities and entering into certain transactions including certain actions and matters in relation to the Issue. Some of these covenants include, altering our capital structure; changing our current ownership / control, material change in management, and amending constitutional documents, for which we have to obtain consent from lenders.

In addition, the unsecured indebtedness may be recalled at any time and we may need to borrow monies at higher rates of interest than presently available or utilise our internal accruals, which may have an adverse impact on our profitability and future growth.

For further details regarding our indebtedness, please see the chapter entitled '*Financial Statements*' beginning on page 148.

19. ***Due to nature of our contracts, we may be subjected to claim and counter claims. Any adverse outcome of any such claim or counter claim may have an adverse effect on our profitability.***

Pursuant to the terms of our contracts, the government entities are *inter alia* required to hand over unencumbered land, free of encroachments to us for us to be able to execute the contract. Delays in this regard may adversely impact project implementation and cause consequent delays in completion of construction. In certain instances, such occurrences may also result in the termination of the contract on account of a material default by the authority. Such events may also lead to disputes and claims and counter claims for losses and damages between us and the relevant government entity in addition to any other claims that may arise during our business. We face, and will continue to face, risks associated with implementation of our contracts which could be due to reasons beyond our control such as delay in acquisition of land by the government, or other regulatory delays from the authority. Any such factor could have an adverse effect on our business, results of operations and financial condition.

20. ***Invocation of an outstanding guarantee issued in relation to one of our projects could adversely affect our financial condition.***

Performance guarantees are required to be provided for the projects (undertaken by us) during the construction period which may extend until the end of the defects liability period. Performance risk refers to the risk that if the work is not executed according to specifications laid down in the contract, the encashment of the performance guarantee may be triggered. Defects liability period typically extend from 1 year to 3 years after completion of a project, but can be extend up to 5 years. All of our projects are covered by performance guarantees, some of which are substantial, and are ranging from 1 year to 4 years. In the event any contractual obligations are not completed as per agreed terms and / or within the stipulated time period by our Company, the financial or performance guarantees may be invoked by the concerned customer. Such invocation of the performance guarantees, may expose us to additional and increased financial liabilities. Invocation on one or more of these guarantees could adversely affect our financial results, will deplete our finances and lead to a liquidity crunch and a call on our performance guarantee may harm our reputation and limit our capability to attract new projects.

21. ***Any inability to maintain our equipment assets or manage our workers or inadequate workloads may cause underutilization of our workforce and equipment bank, and such underutilization may have an impact on our profitability.***

We are dependent on our workers for the operation of our projects and utilize our equipment based upon our current and anticipated workloads. As of June 30, 2021, we had 714 permanent employees. During COVID-19 pandemic we have faced concerns in relation to availability of work force. During the months of April, 2020 and May, 2020, when the lockdown restrictions were slowly being eased and our Company resumed construction activities, we faced shortage of labour owing to the COVID-19 pandemic. We cannot assure you that we may not face shortage of labour in the future. Any such shortage in labour may impact our business, results of operations and financial condition.

In planning our growth, we have been adding to our equipment bank as we anticipate inflow of additional orders. We may further incur substantial equipment loans if we purchase additional equipment in anticipation of receiving new orders. If we do not receive future contract awards or if these awards are delayed or reduced, we may incur significant costs for maintaining the under-utilized workforce and equipment bank, and may further lack working capital to pay our loan instalments on time or at all, which may result in reduced profitability for us or cause us to default under our loans.

22. ***Our actual cost in executing an EPC contract or in constructing a project may vary substantially from the assumptions underlying our bid. We may be unable to recover all or some of the additional expenses, which may have a material adverse effect on our results of operations, cash flows and financial condition.***

Under the terms and conditions of agreements for our projects, we generally agree to pay to, or receive from the customer an agreed sum of money, subject to variations covering changes in project requirements. Our actual expense in executing a project under construction may vary substantially from the assumptions underlying our bid for various reasons, including, unanticipated increases in the cost of construction materials, fuel, labour or other inputs, unforeseen construction conditions, including the inability of the customer to obtain requisite environmental and other approvals resulting in delays and increased costs, delays caused by local weather conditions and suppliers' failures to perform.

Our ability to pass on increases in the purchase price or manufacturing cost of raw materials and other inputs may be limited in the case of contracts with limited or no price escalation provisions and we cannot assure you that these variations in cost will not lead to financial losses to us. Further, other risks generally inherent to the development and construction industry may result in our profits from a project being less than as originally estimated or may result in us experiencing losses due to cost and time overruns, which could have a material adverse effect on our cash flows, business, financial condition and results of operations.

23. ***We rely on independent contractors to execute our projects and any failure on their part to perform their obligations could adversely affect our reputation, business, results of operations and cash flows.***

We depend on services of independent contractors to execute a majority of our projects. The quality of construction of the projects depends on the availability and skill of these contractors, including labour and raw material shortages due to various reasons including the COVID-19 pandemic and industrial action such as strikes and lockouts. If a contractor fails to perform its obligations satisfactorily or within the prescribed time periods with regard to a project, or terminates its arrangement with us, we may be unable to complete the project within the intended timeframe and at the intended cost. If this occurs, we may be required to incur additional cost which could result in reduced profits. We cannot assure you that the services rendered by any of our independent contractors will always be satisfactory or match our requirements for quality. Typically, our contractors provide a guarantee of 5% to 6% of the contract value valid up to expiry of the defects liability period.

We cannot assure you that the services rendered by such independent contractors will always be satisfactory or match our requirements for quality. Further, we may be subject to claims in relation to defaults and late payments to our contractors, which may adversely affect our reputation, business, results of operations and cash flows.

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

We have experienced reasonable growth in recent years and expect our businesses to continue to grow at an acceptable rate. Our future growth is subject to risks arising from a rapid increase in order volume, and inability to retain and recruit adequate staff / labour. Although we plan to continue to expand our scale of operations through organic growth or investments in other entities, we may not grow at a rate comparable to our growth rate in the past, either in terms of income or profit. Our future growth may place significant demands on our management and operations and require us to continuously evolve and improve our financial, operational and other internal controls. In particular, continued expansion may pose challenges in:

a. maintaining high levels of project control and management;

b. recruiting, training and retaining sufficient skilled management, technical and bidding personnel;

c. developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;

d. making accurate assessments, and ensuring appropriate allocation, of the resources at our disposal;

e. adhering to the standards of health, safety and environment and quality and process execution operating in jurisdictions and business segments where we have limited experience;

f. strengthening internal control and ensuring compliance with legal and contractual obligations; and

g. managing relationships with customers, suppliers, contractors, investors, lenders and service providers.

Further, any failure to implement the aforementioned system on time or at all may have an adverse impact on our ability to manage our growth. If we are not successful in managing our growth, our business may be disrupted, and profitability may be reduced. Our business, prospects, financial condition and results of operations may be adversely affected.

25. ***Increase in the prices of construction materials, fuels, labour and equipment could have an adverse effect on our business, result of operations and financial condition.***

The cost of construction materials, fuel, labour and equipment maintenance constitutes a significant part of our operating expenses. Considering that most of our contracts are with the government bodies or entities, we operate on slim margins and milestone payment schedules. We are vulnerable to the risk of rising and fluctuating steel and cement prices, which are determined by demand and supply conditions in the market as well as the relevant government policies. Any unexpected price fluctuations after placement of orders, shortage, delay in delivery, quality defects, or any factors beyond our control may result in an interruption in the supply of such materials and adversely affect our profit margins, to the extent not covered in the escalation, if any.

The purchase of construction material related to EPC work constituted 24.34% of our total expenditure in Fiscal 2021. We expect that percentage to increase in future Fiscal years as we expect to undertake an increasing amount of EPC work. Further, some of the contracts (70-80% of the total contracts) executed by our Company contain escalation clause but the same is not sufficient to guard against volatile input material price. Also, tender based operations limit pricing flexibility in an intensely competitive industry which in turn adversely impact our Company. Therefore, our ability to pass on unanticipated increases in the price of construction materials, fuel, labour and other inputs may be limited in the case of EPC fixed-price contracts, contracts with limited price escalation provisions. If we are unable to pass on such unanticipated price increases to our customers, it may have a material adverse effect on our results of operations and financial condition.

26. ***We are heavily reliant on our Promoters, Directors and senior persons with technical expertise.***

In order to successfully manage and expand our business, we are dependent on the services of our Promoters, Directors and Senior Managerial Personnel (**SMP**) of our Company. Our Promoters are the face of our Company and they are also involved in the day to day running of our Company. Our Promoters along with the SMP are key to the operations of our Company. Our success depends on the continued services and performance of the members of our SMP and other key employees. Our continued success also depends upon our ability to attract and retain a large group of skilled professionals and staff, particularly project managers, engineers, and skilled workers. The loss of the services of our Promoter, SMP or skilled professionals or our inability to recruit, train or retain a sufficient number of skilled professionals could adversely affect our business, operations, prospects, financial condition, profitability and results of operation.

27. ***Our business is dependent on a continuing relationship with our customers and strategic partners.***

Our business constitutes execution of projects (such as highways, road construction, bridge development, township construction, water irrigation) undertaken in the Customer Industries by the governmental authorities. Contracts with the governments are generally granted by way of tenders and are subject to pre-qualification criteria. In certain cases, where we do not satisfy the pre-qualification criteria, we enter into arrangements with other contractors, so that we can jointly meet the prescribed criteria. For instance, we have entered into arrangements with RPP RCCL JV, RPP P&C JV, RPP RK P&C JV, RPP Annai JV, RPP RK JV, RPP Renaatus JV, RPP Dhanya JV, RPP Sathyamoorthy JV and RPP SMC JV in respect of our projects namely modernization of Gondhi Canal and its distributors in Shivamoga District of the Karnataka (RPP RCCL JV), rehabilitation / upgradation of existing highway in Maharashtra (RPP P&C JV), rehabilitation and upgradation of newly declared Badnera Road Nagzari Kharda and Murtizapur to Kherda NH16 in Maharashtra (RPP P&C JV), rehabilitation and up-gradation of existing highway in Maharashtra (RPP RK P&C JV), construction of 12 elevated service reservoirs with chlorination facility and providing distribution system for Tirupur City Municipal Corporation (RPP ANNAI JV), upgrading Cuddalore–Madapattu Section of SH 09 in Tamil Nadu (RPP RK JV), upgrading of Malliyakarai – Rasipuram – Tiruchengode - Erode Road in Tamil Nadu (RPP Renaatus JV), upgrading Kanchipuram - Arakkonam - Thiruthani Road section in Tamil Nadu (RPP-Dhanya JV) and construction of integrated storm water drain in Retteri South Surplus Watershed and Captain Cotton Canal Watershed of Kosasthalaiyar Basin in the extended areas of Greater Chennai Corporation (RPP-Sathyamoorthy JV) and strengthening and widening of Tirunelveni - Sengottai - Kollam road. In Fiscal 2021 and Fiscal 2020, we generated ₹ 159.51 crores and ₹ 224.01 crores from consortia projects, constituting 35.37% and 41.09%, respectively, of our total revenues.

Our continued success is, therefore, also dependent on us developing and maintaining strategic alliances with other EPC contractors that undertake contracts for such infrastructure development projects and we intend to continue to explore entering into joint ventures, consortia or sub-contract relationships for specific projects with certain of these EPC contractors. In addition, we develop and maintain relationships and pre-qualified status with certain major customers and obtaining a share of contracts from such customers. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship or pre-qualified status with our certain key customers and strategic partners. The loss of a significant customer or a number of significant customers may have a material adverse effect on our results of operations.

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

As on March 31, 2021 we had total secured indebtedness of ₹ 304.85 crores on a consolidated basis. We may incur additional indebtedness in the future.

Most of our financing arrangements are secured by our movable assets and by certain immovable assets. Our accounts receivable and inventories, including certain machinery and equipment, are subject to charges created in favour of specific secured lenders. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Typically, restrictive covenants under the financing documents of our Company relate to obtaining prior consent of the lender for, among others:

a. effecting any changes in our capital structure;

b. any change in management or control of our Company;

c. formulating any scheme of amalgamation or reconstruction;

d. investing by way of share capital in or lending or advancing funds to or placing deposits with any other concern; or

e. undertaking guarantee obligations.

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

29. ***Increase in interest rates may materially impact our results of operations.***

Our indebtedness carries interest at fixed rates, floating rates or at rates that are subject to adjustments at specified intervals. We are exposed to interest rate risk in respect of contracts for which we have not entered into any swap or interest rate hedging transactions in connection with our loan agreements, although we may decide to engage in such transactions in the future. We may further be unable to pass any increase in interest expense to our existing customers. Any such increase in interest expense may have a material adverse effect on our business, prospects, financial condition and results of operations. Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us fully against our interest rate risk.

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

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

Particulars	**Financial Year (₹ in crores)**		
	2020-2021	**2019-2020**	**2018-2019**
Net cash flows from operating activities	45.11	36.04	(16.95)

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

31. ***Some of our Group Companies and Subsidiaries have incurred losses during recent Financial Years. Further, one of our Subsidiaries has a negative net worth.***

The detail of our Group Companies and Subsidiaries, which have incurred losses in recent Financial Years, is as follows:

Name of the Company	**Financial Year (₹ in crores)**		
	2020-2021	**2019-2020**	**2018-2019**
Lunkar Finance Private Limited	0.01	(0.01)	(0.03)
Sanskar Dealcom Private Limited	0.00	(0.01)	0.00
RPP Annai JV Private Limited	(0.02)	0.00	NIL
Foreign Subsidiaries			
RPP Infra Overseas PLC	(0.01)	(0.18)	(0.05)
RPP Infra Projects (Lanka) Limited	0.00	(0.93)	(0.85)
Group Companies			
RPP – P&C JV	(0.44)	(0.11)	0.00
RPP – Dhanya (JV)	(0.29)	0.00	0.00
RPP – Renaatus (JV)	(0.09)	0.00	0.00

Set out below are the details of the Subsidiar(ies) having negative net worth:

Name of Company	**Financial Year (₹ in crores)**		
	2020-2021	**2019-2020**	**2018-2019**
RPP Annai JV Pvt Ltd.	(0.01)	0.01	NIL

There can be no assurance that these Group Companies and Subsidiaries will not incur losses in the future or that there will not be an adverse effect on our Company's reputation or business as a result of such losses.

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

We own the equipment used in our operations and possess a fleet of construction equipment in India. As of March 31, 2021, we had a fleet of 53 construction vehicles and other construction equipment. To maintain our capability to undertake large and complex projects, we seek to purchase plants and equipment built with the latest technologies and know-how and keep them readily available for our construction activities through careful and comprehensive repairs and maintenance.

We cannot assure you that we will be immune from the associated operational risks such as the obsolescence of our equipment, destruction, theft or major equipment breakdowns or failures to repair our equipment// (which may result in their unavailability), project delays, cost overruns and even defaults under our construction contracts. The latest technologies used in newer models of construction equipment may improve productivity significantly and render our older equipment obsolete.

While all our major equipment and machinery are covered by insurance we may be unable to recover the entire cost of damage through insurance. Further, we do not purchase insurance against the break-down of our machinery and any such cost will be to our account and may have an adverse impact on our financial condition and result of operations. Obsolescence, destruction, theft or breakdowns of our equipment may significantly increase our equipment purchase cost and the depreciation of our equipment, as well as change the way our management estimates the useful life of our equipment.

In such cases, we may not be able to acquire new equipment or repair the damaged equipment in time or at all, particularly where our equipment are not readily available from the market or requires services from original equipment manufacturers. Some of our major equipment or parts may be costly to replace or repair. We may experience significant price increases due to supply shortages, inflation, transportation difficulties or unavailability of bulk discounts. Such obsolescence, destruction, theft, breakdowns, repair or maintenance failures or price increases may not be adequately covered by the insurance policies availed by our Company and may have an adverse effect on our business, cash flows, financial condition and results of operations.

33. ***Our business operations are sensitive to weather conditions, which may adversely affect our operations and financial conditions.***

Our business activities may be materially and adversely affected by severe weather conditions, which may force us to evacuate personnel or curtail services, replace damaged equipment and facilities or suspend our operations or postpone delivery of materials to our worksites. Heavy or sustained rainfalls or other extreme weather conditions such as cyclones could result in delays or disruptions to our operations during critical periods of our projects and cause severe damages to our premises and equipment. Further, our work may be affected adversely during the monsoon season which could limit our ability to carry on construction activities or to fully utilize our resources. Our business activities may also be adversely affected by other natural disasters, including earthquakes, floods, and landslides, which may cause significant interruptions of our operations and damages to our properties and working environment which may not be adequately covered by the insurance policies availed by our Company.

During periods of curtailed activity due to severe weather conditions or natural disasters, we may continue to incur operating expenses but our revenues from operations may be delayed or reduced.

34. ***Our Promoters have pledged certain Equity Shares of our Company as security in connection with our financing agreements. In the event of any default by us in our repayment obligations under such financing agreements, the lenders may exercise the pledge resulting in dilution of our Promoters' shareholding.***

As on date of this Draft Letter of Offer, 55.04% Equity Shares are held by our Promoters out of which 57.34% Equity Shares representing 31.71% of the paid-up equity share capital of our Company, are pledged with various banks and NBFCs. In the event of any default under the relevant agreements with banks and NBFCs, the lenders may enforce aforementioned pledges, which could result in a change in the capital structure of our Company and may also have an adverse impact of the market price of our Equity Shares.

35. ***Our ability to access capital depends inter alia on our credit ratings. Any downgrade in our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, thus, would negatively affect our business.***

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of rating agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside our control. For example, our credit ratings may depend on the shareholding of our Promoters in our Company. Brickwork Ratings India Private Limited have rated our Company's Fund Based facility at BWR BB+/Stable and BWR A4+ for Non-Fund Based facility in November, 2019. The said ratings were upgraded to BWR BBB-/Stable and BWR A4, respectively on December 1, 2020**.** We cannot assure you that we will maintain these ratings or that our rating will not be downgraded.

Credit ratings across the industries we operate may also depend on the underlying circumstances and economic environment around such industries. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions on any financing or refinancing arrangements we enter into in the future. However, these ratings are not recommendations to buy, sell or hold securities and prospective investors should take their own decisions.

36. ***A major portion of our assets have been secured under our financing arrangements. A default under any of the financing arrangements may compel the bank to sell the asset to recover its loan, which may lead to fewer assets available to us to avail further bank facilities, which may affect our financial condition, cash flow and results of operations.***

We maintain bank facilities and term loans with Indian banks and other financial institutions to provide us with general working capital and operational flexibility in connection with our business. We also receive funds from banks and other financial institutions pursuant to infrastructure project specific loans. As of March 31, 2021, our Company had a total indebtedness of ₹ 350.33 crores outstanding.

In the event of a default by us on our financing agreements, our charged assets could be seized, leaving us with fewer assets with which to operate our business, adversely affecting our business prospects. This could also result in us having difficulty obtaining further working capital through borrowings from these or other lenders given our lack of substantial additional security capable of being charged and affect financial condition, cash flows and results of operations.

37. ***We may be seriously affected by delays in the collection of receivables from our clients and may not be able to recover adequately on our claims.***

The counterparties to majority of our construction contracts are governmental entities and these contracts are usually based on forms chosen by the government entities. We thus have had only a limited ability to negotiate the terms of these contracts, which tend to favour our government customers. The contractual terms may present risks to our business, including but not limited to:

a. our design and engineering liability, in particular relating to latent defects, where designs are reviewed and approved by our customers;

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

c. liability for defects arising after the termination of the agreement;

d. customer discretion to grant time extensions, which may result in project delays and our cost overruns;

e. absent a cap, our liability as a contractor for consequential or economic loss to our customers; and

f. the right of the government customers to terminate our contracts for convenience at any time after providing us with the required written notice within the specified notice period.

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

We maintain insurance coverage with respect to each project we are undertaking with the non-government entities. We generally maintain insurance for damage caused by severe weather conditions, floods, fires and earthquakes on our facilities, as well as third party liability insurance and business interruption insurance, which we believe is customary for the infrastructure industry in India and jurisdictions in which we operate.

Further, certain types of losses may be either uninsurable, not economically viable to insure or not offered for insurance, such as losses due to acts of terrorism or war. Should an uninsured loss occur, we could lose our investment in, as well as anticipated profits and cash flows from the asset. In addition, even if any such loss is insured, there may be a significant deductible on any claim for recovery prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. Further, even in the case of an insured risk occurring there can be no assurance that we will be successful in claiming insurance in part or full, or that the insurance purchased by us will be sufficient to cover the loss occasioned by the risk. Any loss that is not covered by insurance, or for which we are unable to successfully claim insurance, or which is in excess of the insurance cover could, in addition to damaging our reputation, have an adverse effect on our business, cash flows, financial condition and results of operation. Further, an insurance claim once made could lead to an increase in our insurance premium, result in higher deductibles and also require us to spend towards addressing certain covenants specified by the insurance companies.

39. *Conflict of interest out of common business objects between Company, Group Companies and certain entities forming part of our Promoter Group.*

Our Company, Group Companies and certain companies forming a part of our Promoter Group are engaged in business activities similar to those undertaken by us, such as construction and civil engineering and this could be a potential source of conflict of interest. There are no non-compete agreements in place between our Company and other group companies. There may be conflicts of interest between them, such as bidding for the same projects or contracts. While in the past, we have not faced any actual conflicts of interest, we cannot assure you that no such conflict of interest will arise in the future that may affect our financial condition and prospects. Further, we cannot assure you that if any actual conflict of interest does arise, we will be able to resolve the conflict of interest in our favour.

40. *We could be adversely affected if we fail to keep pace with technical and technological developments in the construction industry.*

Our recent experience indicates that our customers are increasingly developing larger, more technically complex projects using more advanced technologies. Our future success will depend, in part, on our ability to respond to technological advances and emerging technology standards and practices on a cost-effective and timely basis. To meet our customers' needs, we must continuously update our existing systems and develop new technologies for our construction projects. In addition, rapid and frequent technological and market demand changes can often render existing technologies and equipment obsolete and result in requirements for additional and substantial capital expenditures and / or significant write downs of our assets. The cost of upgrading or implementing new technologies, upgrading our existing equipment or expanding capacity could be significant. If we fail to anticipate or respond adequately to our customers' changing requirements or keep pace with the latest technological developments, our business, prospects, financial condition and results of operations may be materially and adversely affected.

41. ***Our Promoters (who are also the Directors and the Key Managerial Personnel) have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.***

Our Promoters (who are also the Directors and the Key Managerial Personnel) may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Our Promoters may be deemed to be interested to the extent of the Equity Shares held by them and by members of our Promoter Group, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. Additionally, our Promoters have extended loans to our Company and will be interested to the extent of interest and principal repayment also. Further, some of our Promoters and the Directors may also be deemed to be interested to the extent that our Company has leased certain premises pursuant to arrangements with certain members of our Promoter Group and one of our Group Entities.

In addition, we enter into certain related party transactions including pertaining to sale and purchase of goods with entities in which our Promoters or members of the Promoter Group may be invested or interested. We cannot assure you that our interests and the interests of our Promoters and members of the Promoter Group will always be aligned or that they will always act in our best interests.

42. ***Our inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business could have a material adverse effect on our business.***

We require certain statutory and regulatory permits and approvals for our business. Additionally, we may need to apply for additional approvals in the future as well as the renewal of current approvals that may expire from time to time. There can be no assurance that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations.

43. ***We have entered into and may in the future enter into related party transactions.***

We have entered into certain related party transactions. There can be no assurance that we could not have achieved more favorable terms if such transactions had not been entered into with related parties or that we will be able to maintain existing terms, in cases where the terms are more favorable than if the transaction had been conducted on an arms-length basis. We have in the course of our business entered into, and will continue to enter into, transactions with related parties. While we believe that all of our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations, financial condition and cash flows, including because of potential conflicts of interest or otherwise. Our continued success in the future depends on our ability to effectively implement our competitive and growth strategies.

44. ***We face significant competition as the projects are procured through competitive bids and if we fail to compete effectively, our business, prospects, financial condition and results of operations will be adversely affected.***

We operate in a highly competitive environment and our industry has been frequently subject to intense price competition in the bidding of projects. Government contracts, which constitute the vast majority of our substantial portion, exacerbate the competition since government tenders are generally awarded to the lowest bidder and, therefore, pricing is significant factor. We compete against major construction companies at the national, regional and local levels and across our Customer Industries. The competitive nature of this process may necessitate us and other prospective bidders to submit low bids to win the award of the contract to maintain our market share. In striving to increase our Order Book from our government contracts we may be compelled to bid for new projects more aggressively than we expected and may accept terms and conditions that are not in our favour and operate at low(er) margins. We may also decide not to participate in some projects as accepting such lower margins may not be financially viable and this may adversely affect our competitiveness to bid for and win future contracts. If we fail to win new projects, we may not be able to increase, or maintain, our volume of business or revenues. Failure to compete effectively against our current or future competitors may have a material and adverse effect on our business, financial condition and results of operation.

Further, some of our competitors may be larger than us, have stronger financial resources or a more experienced management team, or have stronger engineering capabilities in executing technically complex projects. They may also benefit from greater economies of scale and operating efficiencies and may also benefit from a pan-India presence. Further, the premium placed on having experience may cause some of the new entrants to accept lower margins in order to be awarded a contract which may adversely impact our foray into new territories. We cannot assure you that we can continue to compete effectively with our competitors in the future, and failure to compete effectively against our current or future competitors may have an adverse effect on our business, results of operations and financial condition.

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

The construction and operation of our projects may be faced with oppositions from the local communities where these projects are located and from special interest groups. In particular, the public, the forest authorities and other authorities may oppose our operations due to the negative impact, perceived or otherwise, it may have on the environment. There may be objections or disputes in relation to such resettlement, rehabilitation or relocations, which may suspend our construction or operations until the disputes are resolved.

There may be negative publicity about our Company or Promoters made by opposing interest groups in local media due to our construction activities. We may also be required by the local authorities or communities to provide jobs to the local labour market or provide other benefits. In addition, we may be adversely affected by political events such as protests and general strikes in the states where we operate, especially when such events take place on or close to our construction sites. Local and national elections often strain government and community resources and governments' decisions in respect of accepting new bids or awarding new construction contracts may be delayed when substantial resources are dedicated to meeting voters' needs. During these elections, we may not have enough manpower to conduct our business normally and may further experience other difficulties such as heavy traffic, blocked roads and delivery delays. Voters or protesters may occupy or conduct various activities on or close to our construction sites to express their views and disrupt our operations. Such events may also disrupt the normal contract awarding or decision-making processes and cause us losses of business or incurrence of significant costs. In these events, our business, financial condition and results of operations may be materially and adversely affected.

46. ***We have relied on third party industry reports, certain of which have been commissioned by us in relation to the Issue for an agreed fee and which have been used for industry related data in this Draft Letter of Offer.***

We have relied on the report titled '*Assessment of Construction Industry in India, June 2021*' for industry related data in this Draft Letter of Offer which has been commissioned by us in relation to the Issue for an agreed fee. The report uses certain methodologies for market sizing and forecasting. Neither we, nor the Lead Manager has independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. For further details please see the chapter entitled '*Industry Overview*' beginning on page 71.

47. ***Our operations are subject to physical hazards and similar risks that could expose us to material liabilities, loss in revenues and increased expenses.***

While construction companies, including us, conduct various site studies during the course of bidding for projects, there are always anticipated or unforeseen risks that may come up due to adverse weather conditions, geological conditions, specification changes and other reasons. Additionally, our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage.

We may also be subject to claims resulting from defects arising from engineering, procurement and/or construction services provided by us within the warranty periods stipulated in our contracts, which typically range from 1 to 7 years from the date of commissioning. Actual or claimed defects in equipment procured and / or construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.

48. ***Certain premises used by our Company are leased premises. There can be no assurance that the lease agreements executed for such leased premises will be renewed upon termination or that we will be able to obtain other premises on lease on the same or similar commercial terms.***

Certain premises used by our Company are leased premises, and we do not own any of these premises. Further, our Company has also obtained lease of certain other properties from various other parties. In the event such leases are not renewed or are terminated, it could adversely affect our operation unless we arrange for similar premises. If we are unable to continue or renew such leases on the same or similar terms or find alternate premises on lease on similar terms or at all, it may affect our business operations.

49. ***Corrupt practices or improper conduct may delay execution of a project and materially and adversely affect our results of operations.***

The construction industries in India and elsewhere are not immune to the risks of corrupt practices or fraud or improper practices. Large construction projects provide opportunities for corruption, fraud or improper conduct, including bribery, deliberate poor workmanship, theft or embezzlement by employees, contractors or customers or the deliberate supply of low quality materials. If any persons involved in any of the projects are the victim of, or involved in any such practices, our reputation or our ability to complete the relevant projects as contemplated may be disrupted, thereby adversely affecting our business and results of operations.

50. ***We have certain contingent liabilities that may adversely affect our financial condition.***

Customers of infrastructure and construction companies usually demand performance guarantees as a safety net against potential defaults by the construction companies. Additionally, construction companies such as ours are usually required to have letters of credit issued by their lenders in favour of their suppliers and other vendors. Hence, construction companies often carry substantial contingent liabilities for the projects they undertake.

As of March 31, 2021, we have the following contingent liabilities as per our Audited Consolidated Financial Statements. Please refer chapter entitled '*Financial Statements*' *beginning* on page 148:

(₹ in crores)

Contingent Liabilities and Commitments	March 31, 2021
Counter Indemnities given to Banks in respect of contracts	227.3
Income Tax Liability that may arise in respect of which Company is in appeal	33.60

Service Tax liability that may arise in respect of matters in appeal	22.93
TDS Liability as reflected in the Traces Portal which are under Reconciliation / Appeal	00.05
Value Added Tax liability that may arise in respect of matters in appeal	97.57

If we are unable to complete a project on schedule, the customer may invoke such performance guarantees. If we are unable to pay or otherwise default on our obligations, our lenders may be required pursuant to the relevant letters of credit or guarantees to cover the full or remaining balance of our obligations. In the event, that any of these contingent liabilities materialize, our financial condition may be adversely affected.

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

We currently hold one registered trademark in India, which is . It is registered under Class 37 of the Trademark Rules, 2002 in respect of building construction, repair, installation services. The trademark is valid upto December 17, 2029. If any of our unregistered trademarks are registered in favour of a third party, we may not be able to claim registered ownership of such trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. If our application(s) for registering such trademark(s) is objected to, we will not have the right to use such trademark or prevent others from using such trademark or its variations. Our inability to obtain or maintain such trademarks in our business could adversely affect our reputation, goodwill, business, prospectus and results of operations.

52. ***Our Company has not declared any dividends in the preceding 3 financial years. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

We have not declared any dividends in the last 3 financial years. Declaration and payment of dividends by our Company in the future will depend on our future earnings, cash flows, financial condition, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that we will pay dividends. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Additionally, our ability to pay dividends is, and may be subject to restrictive covenants contained in the financing related agreements we have entered into and will enter into in the future.

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

As on June 30, 2021, we had 714 permanent employees on our rolls. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force such as strikes, work stoppages or increased wage demands, which may adversely affect our business. In addition, we enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Although we generally do not engage such labour directly, it is possible under Indian law that we may be held responsible for wage payments to the labour engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments will adversely affect us, our business, financial condition and results of operations. Furthermore, under the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a portion of such contract labour as permanent employees. Any order from a regulatory body or court requiring us to absorb such contract labour may have an adverse effect on our business, financial condition and results of operations.

54. ***We may not be successful in implementing our business strategies.***

The success of our business depends substantially on our ability to implement our business strategies effectively. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted clients. Changes in regulations or government policies and local laws applicable to us may also make it difficult to implement our business strategies. We may also face restrictions due to pandemic or any similar calamities. We cannot assure of continuous growth. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

Risks Related to External Factors

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

COVID-19 or the outbreak of any other severe communicable disease could adversely affect the overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of COVID-19 pandemic has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is still uncertainty pursuant to the COVID-19 pandemic. A rapid increase in severe cases of infections and subsequent deaths where measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 pandemic remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were to be suspected of contracting COVID-19 or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general.

The outbreak has significantly increased economic uncertainty. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or steps on what we believe would be in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be adversely affected including due to slowing down or temporary shutting down of our activities. The extent to which COVID-19 pandemic further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken globally to contain COVID-19 or treat its impact, among others.

56. ***A slowdown in economic growth in India could adversely affect our business.***

The structure of the Indian economy has undergone considerable changes in the last decade. These include increasing importance of external trade and of external capital inflows. Any slowdown in the growth of the Indian economy or the chemical sector or infrastructure sector or any future volatility in global commodity prices could adversely affect our business, financial condition and results of operations. India’s economy could be adversely affected by a general rise in interest rates, fluctuations in currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors.

Further, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy and government policy may change in response to such conditions. The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, Europe, China or Asian emerging market countries, may have an impact on the Indian economy. Although economic conditions differ in each country, investors' reaction to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets, and could have an adverse effect on our business, financial condition and results of operations and the price of the Equity Shares.

57. ***Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins, which may have a material adverse effect on our business, financial condition, cash flows and results of operations.***

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increase in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increase may have a material adverse effect on our business, financial condition, cash flows and results of operations.

58. ***Adverse geopolitical conditions such as increased tensions between India and its neighbouring countries, could adversely affect our business, results of operations and financial condition.***

Adverse geopolitical conditions such as increased tensions between India and its neighbouring countries, resulting in any military conflict in the region could adversely affect our business and operations. Such events may lead to countries including the GoI imposing restrictions on the import or export of products or raw materials, among others, and affect our ability to procure raw materials required for our manufacturing operations. We could also be affected by the introduction of or increase in the levy of import tariffs in India, or in the countries to which we export our products, or changes in trade agreements between countries. For instance, the GoI has imposed additional tariffs in the nature of countervailing duty and anti-dumping duty on a number of items imported from China. Any such measure which affects our raw material supply or reciprocal duties imposed on Indian products by China or other countries may adversely affect our results of operations and financial condition.

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

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa3 with a "negative" outlook (Moody's), BBB– with a "stable" outlook (S&P) and BBB– with a "negative" outlook (Fitch). In Fiscal 2020, both Fitch and Moody had lowered India's sovereign credit rating a notch. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

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

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

61. ***Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of our Equity Shares to decline.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the U.S. and several European countries during a part of fiscal 2008 and 2009 adversely affected market prices in the global securities markets, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

Risks Related to the Equity Shares and the Issue

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

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and the Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of the 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. The Renouncees may not be able to apply in case of failure in 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.

63. ***Non-receipt of complete Call Money(ies) may have an impact of a consequential shortfall in Net Proceeds.***

The Calls shall be deemed to have been made at the time when the resolution authorizing such calls is passed at the meeting of our Board. The Calls may be revoked or postponed at the discretion of our Board, from time to time. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Calls. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion, may send reminders for the Calls as it deems fit, and if it does not receive the Call Money(ies) as per the timelines stipulated, it would forfeit the Application Money. Non-receipt of complete Call Money(ies) and a consequential forfeiture of the Application Money may lead to a shortfall in the Net Proceeds, which may have to be met out of internal accruals and may impact the business and capital expenditure plans. For details, please see chapter entitled '*Objects of the Issue*' beginning on page 61.

64. ***The Net Proceeds of the Issue may be reduced if our Promoters do not exercise the right to convert the outstanding Warrants into the Rights Equity Shares.***

Our Company issued 40,00,000 warrants to our Promoters convertible into an equal number of Equity Shares. Out of the said warrants, our Promoters have converted 10,50,000 warrants into the Equity Shares. Our Promoters (in their capacity as the Warrant Holders) will be eligible to the Rights Equity Shares only on conversion of the Warrants and on the same terms as available to the Eligible Equity Shareholders. The Issue Size of not exceeding ₹ 48.00 crores includes the [●] Rights Equity Shares reserved for the Warrant Holders and that are to be allotted on conversion of the aforementioned Warrants. While our Promoters have undertaken to subscribe to the Rights Equity Shares issued in proportion to the outstanding Warrants converted into the Equity Shares, we cannot assure you that our Promoters will exercise the option of conversion in respect of all or any of the outstanding Warrants. Therefore, the Net Proceeds of the Issue will be reduced to the extent that our Promoters do not exercise the right of conversion of the outstanding Warrants.

65. ***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 the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of Eligible Equity Shareholders holding Equity Shares in physical form shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. Such Eligible Equity Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of such Eligible Equity Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of the Equity Shares and except the pending transfers).

66. ***Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by our Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Any gain realized on the sale of the listed equity shares on a stock exchange held for more than 12 months will not be subject to long-term capital gains tax in India if Securities Transaction Tax (**STT**) is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares, except in the case of such acquisitions where STT could not have been paid, as notified by GoI under notification no. 43/2017/F. No. 370142/09/2017-TPL dated June 5, 2017. However, the Finance Act, 2018, taxes such long term capital gains exceeding ₹ 1 lakh arising from sale of such equity shares on or after April 1, 2018. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of the listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, the 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 gains made upon the sale of the Equity Shares.

68. ***You may not receive the Rights Equity Shares that you subscribe in the Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.***

The Rights Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Rights Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Rights Equity Shares allocated to you will be credited to your demat account, or that trading in the Rights Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

69. ***The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.***

In accordance with the R-WAP Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at https://rights.cameoindia.com/sfhl), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On RWAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, please see the sub-heading entitled '*Terms of the Issue – Making of an Application through the Registrar's Web-Based Application Platform (R-WAP) Process*' on page 227. Such payment gateways and mechanisms are faced with risks such as:

a. keeping information technology systems aligned and up to date with the rapidly evolving technology;
b. payment services industries;
c. scaling up technology infrastructure to meet requirements of growing volumes;
d. applying risk management policy effectively to such payment mechanisms;
e. keeping users' data safe and free from security breaches; and
f. effectively managing payment solutions logistics and technology infrastructure.

Investors should also note that only certain banks provide a net banking facility by way of which payments can be made on the R-WAP platform. In the event that your bank does not provide such facility, you will have to use an UPI ID to make a payment. Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on the part of the payment gateway, and therefore, your Application may not be completed or may be rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since the Application process through R-WAP is different from the ASBA process, there can be no assurance that Investors will not find difficulties in accessing and using the R-WAP facility.

70. ***Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, the Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of our Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase the Rights Equity Shares at a price that will be higher than the actual market price of the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

71. ***SEBI has recently streamlined the process of rights issues. You should follow the instructions carefully, as stated in the relevant SEBI circulars, and in this Draft Letter of Offer.***

The concept of crediting the Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. The Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI Rights Issue Circulars, and ensure completion of all necessary steps in relation to providing / updating their demat account details in a timely manner. For details, please see the chapter entitled *Terms of the Issue' beginning* on page 222.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of the Rights Entitlements and Allotment of the Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to: (a) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (b) demat suspense escrow account (namely, "RPP Rights Entitlement Suspense Escrow Demat Account") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to: (i) the Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (ii) the Equity Shares held in the account of IEPF authority; or (iii) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit / credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (iv) the Equity Shares held by the Eligible Equity Shareholders holding the Equity Shares in physical form as on the Record Date where details of the demat accounts are not provided by the Eligible Equity Shareholders to our Company or the Registrar; or (v) credit of the Rights Entitlements returned / reversed / failed; or (vi) the ownership of the Equity Shares currently under dispute, including any court proceedings.

72. ***The Eligible Equity Shareholders holding the Equity Shares in physical form will have no voting rights in respect of the Equity Shares until they provide details of their demat account and the Equity Shares are transferred to such demat account from the demat suspense account thereafter.***

The Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of the Allotment in respect of the resident Eligible Equity Shareholders holding the Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least 2 Working Days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, amongst others, details of their demat accounts to our Company or the Registrar to enable our Company to transfer, after verification of the details of such demat account by the Registrar, the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. Unless and until such Eligible Equity Shareholders provide details of their demat account and the Equity Shares are transferred from demat suspense account to such demat accounts thereafter, they will have no voting rights in respect of the Equity Shares. For details, please see the chapter entitled *Terms of the Issue'* beginning on page 222.

73. ***Investors will be subject to market risks until the Rights Equity Shares credited to their demat accounts are listed and permitted to trade.***

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

74. ***Your ability to acquire and sell the Rights Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Draft Letter of Offer.***

No actions have been taken to permit a public offering of the Rights Equity Shares offered in the Issue in any jurisdiction except India. As such, our Rights Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws of the United States or the law of any jurisdiction other than India. Further, your ability to acquire the Rights Equity Shares is restricted by the distribution and solicitation restrictions set forth in this Draft Letter of Offer. For further information, please see the chapters entitled *Notice to Investors'*, *'Other Regulatory and Statutory Disclosures'* and *'Restrictions on Purchases and Sales'* beginning on pages 13, 217 and 261, respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Rights Equity Shares made other than in compliance with applicable law.

75. ***There is no guarantee that our Rights Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Rights Equity Shares.***

In accordance with the Indian law and practice, final approval for listing and trading of the Rights Equity Shares will not be granted by the Stock Exchanges until after those Rights Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of the Rights Equity Shares to be submitted. There could be a failure or delay in listing of the Rights Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Rights Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Rights Equity Shares will trade in the future. Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

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

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

77. ***Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.***

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of the listed securities. Prices of the listed securities are subject to volatility linked among other factors to the uncertainty in the global markets and the rising inflationary and interest rate pressures domestically. The governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations or trading restrictions could have a material adverse effect on the price of our Equity Shares.

78. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the FDI Policy, issued by the DPIIT, Ministry of Commerce and Industry, GoI, foreign investment up to 100% is permitted in our sector, subject to satisfaction of certain conditions. Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements, or falls under any of the exceptions referred to above, then prior approval of RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from RBI or any other Government agency can be obtained on any particular terms or at all.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board at their meeting held on February 17, 2021, pursuant to Section 62 of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and the Rights Entitlement Ratio, have been approved by a resolution passed by our Board at its meeting held on [●].

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, detailed information included in the chapter entitled *'Terms of the Issue'* beginning on page 222.

Rights Equity Shares being offered by our Company *	[●]
Rights Entitlement#	[●]
Record Date	[●]
Face value per Rights Equity Share	₹ 10 each
Issue Price per Rights Equity Share	₹ [●] per Rights Equity Share On Application, the Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time.
Issue Size	Upto [●] Rights Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Rights Equity Share up to an amount of ₹ 48.00 crores.
Equity Shares issued, subscribed and paid-up prior to the Issue	2,36,50,584 Equity Shares
Equity Shares subscribed, paid–up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●]
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement) and after conversion of Warrants (assuming full conversion of warrants and assuming subscription to the Right Equity Shares to the full extent of their eligibility)**	[●]
Security codes for the Rights Equity Shares	[●]
ISIN for Rights Entitlements@	[●]
Terms of the Issue	For details, see please see the chapter entitled '*Terms of the Issue'* beginning on page 222.
Use of Issue Proceeds	For details, please see the chapter entitled '*Objects of the Issue'* beginning on page 61.

* *Including [●] Equity Shares reserved for Warrant Holders.*

** *The Warrant Holders will be eligible to receive the Rights Equity Shares reserved for them in the Issue on the same terms as those available to Eligible Equity Shareholders only on, and to the extent of, conversion of the Warrants held by them.*

\# *For the Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●]Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements* *applied for. For details in relation fractional entitlements, please see the sub-heading entitled 'Terms of the Issue – Fractional Entitlements' on page 248.*

@ *Our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, as may be required under applicable law.*

Terms of Payment

	Face Value (₹ per Rights Issue Share)	**Premium (₹ per Rights Issue Share)**	**Total (₹ per Rights Issue Share)**
On Application	[●]	[●]	[●]
On Call(s) to be made by our Company	[●]	[●]	[●]
Total	10.00	[●]	[●]

For further details on payment terms please see the chapter entitled 'Terms of the Issue' beginning on page 222.

GENERAL INFORMATION

Our Company was originally incorporated as R.P.P. Constructions (Private) Limited on May 4, 1995 under the Companies Act, 1956. Subsequently the name of our Company was changed to R.P.P. Infra Projects Private Limited on November 27, 2009. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed at a meeting of our Equity Shareholders held on January 21, 2010 and the name of our Company was changed to R.P.P. Infra Projects Limited. Our Company was issued a fresh certificate of incorporation by the RoC on March 8, 2010.

Registered Office of our Company

R.P.P Infra Projects Limited

SF No. 454, Raghupathynaicken Palayam,
Poondurai Main Road,
Erode – 638 002,
Tamil Nadu, India
Tel: +91 424 2284077
Fax: +91 424 2282077
Email: secretary@rppipl.com
Website: www.rppipl.com
Corporate Identity Number: L45201TZ1995PLC006113
Registration number: 6113

Corporate Office of our Company

MKM Chambers, No. 42, Third Floor,
Kodambakkam High Road,
Nungambakkam,
Chennai – 600 034,
Tamil Nadu, India.
Tel: +91 0424 2284077
Fax: +91 0424 2284077
Email: ao@rppipl.com

Address of the Registrar of Companies

Registrar of Companies
No.7, AGT Business Park, I Floor, Phase II,
Avinashi Road, Civil Aerodrome Post,
Coimbatore – 641 014
Tamil Nadu, India
Tel: +91 422 2629640
Fax: +91 422 2628089
Email: roc.coimbatore@mca.gov.in

Company Secretary and Compliance Officer

Pradeep Kumar Nath
SF No. 454, Raghupathynaicken Palayam,
Poondurai Main Road,
Erode – 638 002,
Tamil Nadu, India
Tel: +91 424 2284077
Fax: +91 424 2282077
Email: rightsissue@rppipl.com; and secretary@rppipl.com

Statutory Auditor of our Company

CA SN Duraiswamy
7 Kandappa Lane, Opp. Borough Road,
Telephone Bhawan,
Erode-638001.
Tamil Nadu, India.
Tel: +91 94439 10988
E-mail: rppsaaudit@gmail.com
Firm Registration no.: 026599
Peer Review no.: 009964

Lead Manager to the Issue

Inga Ventures Private Limited
1229, Hubtown Solaris,
N.S. Phadke Marg, Opp. Telli Galli,
Andheri (E) - 400 069,
Mumbai, Maharashtra, India
Tel: +91 22 2681 6003
Fax: +91 22 2681 6020
Email: kavita@ingaventures.com
Investor Grievance Email: investors@ingaventures.com
Website: www.ingaventures.com
Contact Person Details: Kavita Shah
SEBI Registration No.: INM000012698

Statement of responsibilities of Lead Manager to the Issue

Inga Ventures Private Limited is the sole Lead Manager to the Issue and it shall perform all the responsibilities pertaining to co-ordination and other activities in relation to the Issue.

Legal Counsel to the Offer

Bharucha & Partners
13th Floor, Free Press House,
Free Press Journal Marg,
Nariman Point,
Mumbai – 400 021
Maharashtra, India
Tel: +91 22 6132 3900
Fax: +91 22 6633 3900

Special Purpose International Legal Counsel to the Lead Manager

Dentons US LLP
2000 McKinney Avenue,
Suite 1900, Dallas,
TX 75201-1858, United States
Tel: +1 214 259 0952
Fax: +1 214 259 0910

Registrar to the Issue

Cameo Corporate Services Limited
Subramanium Building #1,

Club House Road,
Chennai – 600 002, India
Tel: +91 44 2846 0390 / +91 44 40020700
Fax: +91 44 2846 0129
Email: priya@cameoindia.com
Investor Grievance Email: investor@cameoindia.com
Website: www.cameoindia.com / https://rights.cameoindia.com/rpp
Contact Person: Ms. Sreepriya K
SEBI Registration No.: INR000003753

Investor Grievances

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole / first holder, folio number or demat account number, number of the Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, please see the chapter entitled *'Terms of the Issue'* beginning on page 222.

Expert

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

CA SN Duraiswamy, Chartered Accountant, has given his consent to include his name in this Draft Letter of Offer as an "expert", as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as statutory auditor of our Company and in respect of his reports on the Audited Consolidated Financial Statements, and the statement of special tax benefits dated August 13, 2021, included in this Draft Letter of Offer, and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

Bankers to the Company

Indian Overseas Bank

Surampatty Branch,
72 Perunduari Road,
Erode – 11
Tel: +91 22 2257 421 / +91 99 9521 4676
Email: iob1015@iob.in
Contact Person Details: Mr. Manu Baby

Bank of India

First Floor, Chamber Tower,
8/732, Avinashi Road,
Coimbatore – 641 018
Tel: +91 22 2221 868 / +91 90 4885 8658
Email: Coimbatore.Coimbatore@bankofindia.co.in
Contact Person Details: Mr. Saifudin

EXIM Bank

No. 756 – L,
Overseas Towers, 4th & 5th Floor,

Anna Salai, Chennai – 600 002
Tel: +91 22 2852 2823 / + 91 98 6574 4774 / +91 70 1077 8783
Email: wilson.p@eximbankindia.in
Contact Person Details: Mr. Wilson Amalraj P

IDBI Bank

MCG, 3rd Floor,
Khivraj Complex-I,
480, Anna Salai, Nandhanam, Chennai – 600035
Tel: +91 22 2220 2163 / +91 75 9862 4399
Email: p.kandasamy@idbi.co.in
Contact Person Details: Mr. P. Kandasamy

Banker to the Issue/ Refund Bank

[●]

Self-Certified Syndicate Banks

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

Issue Schedule

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

Please note that if the Eligible Equity Shareholders holding the 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 2 Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 day before the Issue Closing Date, i.e., [●].

Investors are advised to ensure that the Applications 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 Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, please see the chapter entitled '*Terms of the Issue*' beginning on page 222.

Please note that if no Application is made by the Eligible Equity Shareholders of the Rights Entitlements on or before the 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 amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for subscribing to the Rights Equity Shares offered under the Issue.

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 at www.cameoindia.com after keying in their respective details along with other security control measures implemented there at. For further details, please see the sub-heading entitled *Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders'* on page 240.

Credit Rating

As the proposed Issue is of the Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustee

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

Monitoring Agency

Since the Issue size does not exceed ₹ 100 crores, there is no requirement to appoint a monitoring agency for the Issue.

Underwriting

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

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of this Draft Letter of Offer with SEBI for rights issues has been increased from ₹ 10 crores to ₹ 50 crores. Since the size of this Issue falls below this threshold, this Draft Letter of Offer has been filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

SEBI filing shall be done 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 Draft Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project. Further, our Promoters have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) and to the extent of Rights Equity Shares that they will be entitled to on, and to the extent of, the Warrants are converted into Equity Shares, subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations.

Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue. Any participation by our Promoters and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Letter of Offer (before and after the Issue) is set forth below:

(₹ in crores, except share data)

	Particulars	Aggregate nominal value	Aggregate value at Issue Price*
A	**AUTHORIZED SHARE CAPITAL**		
	3,40,00,000 Equity Shares of ₹ 10 each	34.00	-
B	**ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	2,36,50,584 Equity Shares of ₹ 10 each #	23.65	-
C	**PRESENT ISSUE(1)**		
	Up to [●] Rights Equity Shares (for the Eligible Equity Shareholders)	Up to [●]	Up to 48.00
	Up to [●] Rights Equity Shares (reserved for the Warrant Holders)	Up to [●]	
D	**ISSUED SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE (2)(4)**		
	Issued Share Capital [●] Equity Shares of ₹ 10 each	[●]	-
	Subscribed and Paid Up Share Capital after the Issue		
	[●] Equity Shares of ₹ 10 each fully paid up	[●]	
	[●] Equity Shares of ₹10 each partly paid up	[●]	
E	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE AND AFTER CONVERSION OF WARRANTS(2) (5)**		
	Issued Share Capital [●] Equity Shares of ₹10 each		
	Subscribed and Paid Up Share Capital [●] Equity Shares of ₹10 each fully paid up	[●]	
	[●] Equity Shares of ₹ 10 each partly paid up	[●]	
F	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	8.40	
	After all the Calls are made in respect of the Rights Equity Shares(3)	[●]**	

* *To be updated upon finalization of the Issue Price*

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

\# *Subsequent to the conversion of 10,50,000 warrants into the Equity Shares. Please note that 29,50,000 warrants are outstanding out of the 40,00,000 warrants allotted on July 14, 2020.*

(1) *The issue has been authorized by our Board resolution dated February 17, 2021, pursuant to Section 62 and other applicable provisions of the Companies Act.*

(2) *Please note that the Payment Schedule and the right to call up the remaining paid-up capital in one or more calls will be as determined by our Board at its sole discretion, in compliance with SEBI ICDR Regulations.*

(3) *Assuming full payment of all Calls by holders of the Rights Equity Shares.*

(4) *Assuming full subscription for and allotment by the Eligible Equity Shareholders. However, this does not include the issued, subscribed and paid-up capital upon any conversion of warrants prior to the completion of Issue.*

(5) *Assuming full subscription by the Eligible Equity Shareholders and conversion of all warrants into the Equity Shares and subscription by the Warrant Holders to the Rights Equity Shares to the full extent of their eligibility.*

Notes to the Capital Structure

1. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with**

the provisions of the SEBI Listing Regulations:

i. The details of the shareholding pattern of our Company as on June 30, 2021 can be accessed on the website of BSE at https://www.bseindia.com/stock-share-price/rpp-infra-projects-ltd/rppinfra/533284/shareholding-pattern/

ii. Statement showing holding of the Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on June 30, 2021 can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=533284&qtrid=110.00&QtrName=June%202021

iii. Statement showing holding of the Equity Shares of persons belonging to the category "Public" including shareholders holding more than 1% of the total number of the Equity Shares as on June 30, 2021 can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=533284&qtrid=110.00&QtrName=June%202021

iv. Statement showing shareholding pattern of the Non Promoter-Non Public shareholder of our Company as on June 30, 2021 can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=533284&qtrid=110.00&QtrName=June%202021

2. **Details of outstanding instruments**

Except the warrants issued by our Company pursuant to a special resolution passed by the Equity Shareholders on June 12, 2020, as provided below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.

Issue of warrants convertible into the Equity Shares on preferential basis

Pursuant to a special resolution passed by the shareholders on June 12, 2020 consent was given to the Board to create, offer, issue and allot, from time to time, in one or more tranches, upto 60,00,000 convertible warrants at a price not less than minimum price as per the SEBI ICDR Regulations per warrant, with a right to the warrant holder to apply for and be allotted 1 Equity Shares of a face value of ₹ 10 each of our Company for each warrant within a period of 18 months from the date of allotment of the warrants for cash to the following individuals forming part of the Promoter Group of our Company on a preferential basis by way of private placement.

Sr. No	Name of the Eligible Allottee	Category	No. of Warrants
1.	P. Arulsundaram	Promoter	44,00,000
2.	A Nithya	Promoter	16,00,000
Total			**60,00,000**

On July 14, 2020, the Share Allotment Committee of the Board of our Company approved the allotment of 40,00,000 warrants convertible into the Equity Shares of our Company of ₹ 10 each to the following promoters on preferential basis at an issue price of ₹ 90 per warrant on receipt of the amount of ₹ 9.00 crores being 25% of consideration in accordance with the SEBI ICDR Regulations:

Sr. No	Name of the Allottee	Category	No. of Warrants	Amount received from Promoters (in ₹ crores)
1.	P. Arulsundaram	Promoter	29,25,000	6.58
2.	A. Nithya	Promoter	10,75,000	2.42
TOTAL			**40,00,000**	**9.00**

Subsequently, on March 4, 2021, the Share Allotment Committee of the Board of our Company allotted 10,50,000 fully paid-up Equity Shares of ₹ 10 each on conversion of 10,50,000 warrants on receipt of full consideration towards these warrants exercise of option of conversion. The allotted shares ranked *pari-passu* with the existing Equity Shares of our Company in all respects including dividend. Details of allotment are as follows:

Sr. No	Name of the Allottee	Category	No. of Equity Shares allotted*
1.	P. Arulsundaram	Promoter	7,25,000
2.	A. Nithya	Promoter	3,25,000
		TOTAL	**10,50,000**

** Listing approvals received from BSE and NSE on July 26, 2021 and May 6, 2021, respectively. Trading approvals received from BSE and NSE on August 4, 2021.*

Subsequent to the conversion of 10,50,000 warrants into the Equity Shares, 29,50,000 warrants are outstanding out of the 40,00,000 warrants allotted on July 14, 2020.

3. Except for the issue of 10,50,000 Equity Shares on conversion of warrants, as set out above, our Company has not issued Equity Shares to the Promoters in the 1 year immediately preceding the date of this Draft Letter of Offer.

4. Pursuant to Regulation 74 of the SEBI ICDR Regulations our Company has made a reservation of the Rights Equity Shares for the Warrant Holders who shall be eligible to such shares pursuant to the Issue in proportion to the Warrants converted by them, and subject to applicable laws. The Issue not exceeding ₹ 48.00 crores shall include such number of Rights Equity Shares as are reserved for the Warrant Holders. The Rights Equity Shares so reserved shall be issued, at the time of conversion of the Warrants, in proportion to the Warrants converted by them on the same terms at which the Rights Equity Shares are being issued under the Issue. There can be no assurance that any of the Warrant Holders or all of them will convert any or all of the Warrants into the Equity Shares.

5. **Intention and extent of participation by our Promoters**

   Our Promoters and Promoter Group have undertaken to subscribe, on their own account, to the full extent of their Rights Entitlement in the Issue and to the extent of Rights Equity Shares that they will be entitled to on, and to the extent of, the Warrants converted into the Equity Shares. Our Promoters and Promoter Group have confirmed that they intend to subscribe to the Rights Equity Shares offered in the Issue that remain unsubscribed. However, such participation in excess of their Rights Entitlement shall not result in a breach of the minimum public shareholding requirement stipulated in the SCRR and the SEBI Listing Regulations.

6. The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the SEBI Takeover Regulations, 2011 in connection with the Issue is ₹ [●], as certified by the Statutory Auditor of our Company *vide* certificate dated [●].

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

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

9. All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Draft Letter of Offer. The Rights Equity Shares, when issued, shall be partly paid-up. For details on the terms of this Issue, please see the chapter entitled *Terms of the Issue*' beginning on page 222.

OBJECTS OF THE OFFER

The objects as stated in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which the funds are being raised by our Company through the Issue.

The Net Proceeds from the Issue are proposed to be utilized by our Company for the following objects (collectively referred to as '**Objects**'):

1. Long-term working capital requirements; and
2. General corporate purposes.

Issue Proceeds

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

(in ₹ crores)

Particulars	Estimated amount
Gross Proceeds from the Issue*	48.00
Less: Estimated Issue related expenses#	[●]
Net Proceeds	[●]

**Assuming full subscription and Allotment and receipt of all Call monies with respect to the Rights Equity Shares and conversion of all warrants into the Equity Shares and subscription by the Warrant Holders to the Rights Equity Shares to the full extent of their eligibility.*
 # To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges.

Requirement of funds and utilization of Net Proceeds

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

(in ₹ crores)

Particulars	Estimated amount
Long-term working capital#	40.00
General Corporate Purposes*	[●]
Net Proceeds**	48.00

 # As certified by Maheshwari & Co. vide their certificate dated August 13, 2021.
** To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges. The amount shall not exceed 25% of the Gross Proceeds.*
***Assuming full subscription and Allotment and receipt of all Call monies with respect to the Rights Equity Shares and conversion of all warrants into the Equity Shares and subscription by the Warrant Holders to the Rights Equity Shares to the full extent of their eligibility.*

Means of Finance

The funding requirements mentioned above are based on inter alia our Company's internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations. Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds and identifiable internal accruals. Further, our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our management and may also be subject to timing of making subsequent calls (one or more) in the future, as determined by our Board at its sole discretion, with respect to the Rights Equity Shares for the balance ₹ [●] per Rights Equity Share which constitutes

[●]% of the Issue Price. If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them.

Proposed schedule of implementation and deployment of Net Proceeds

Our Company proposes to deploy the Net Proceeds towards the objects of the Issue during Fiscal 2022.

Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board. If the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding other existing objects, if required and towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Net Proceeds in accordance with the SEBI ICDR Regulations.

Details of the objects of the Issue

Our Company's business is working capital intensive and our Company meets a majority of its working capital requirements in the ordinary course of business through working capital facilities/loans from banks and from internal accruals.

Our Company's working capital limits from banks and the outstanding amounts thereunder, as on March 31, 2021, are set out below.

(in ₹ crores)

Particulars	Amount sanctioned	Amount outstanding*
Working capital limits	54.50	42.91
Demand loan / bank guarantee	238.00	227.30
Total	**292.50**	**270.21**

** As per certificate dated August 13, 2021 from the Statutory Auditor.*

Basis of estimation of working capital requirement

The details of our Company's working capital as at March 31, 2021 and March 31, 2020 on a standalone basis and source of funding of the same are provided in the table below:

(in ₹ crores, except data in respect of days)

Particulars	Fiscal 2021	Holding period (no. of days)	Fiscal 2020	Holding period (no. of days)
	(Actuals)			
CURRENT ASSETS				
Inventories:				
i. Raw materials	11.32	53	24.18	52
ii. Work in progress	Nil	Nil	Nil	Nil
iii. Finished goods	Nil	Nil	Nil	Nil
iv. Stores & Spares	Nil	Nil	Nil	Nil

Trade receivables	145.93	111	147.43	93
Cash and cash equivalents	107.01	Nil	51.57	Nil
Other current assets	288.65	Nil	281.90	Nil
Total Current Assets (A)	552.91		505.08	
CURRENT LIABILITIES				
Trade payables	128.23	114	119.33	91
Other current liabilities	108.10	Nil	115.19	Nil
Short-term provisions	2.47	Nil	2.43	Nil
Total Current Liabilities (B)	238.80	Nil	236.96	Nil
Total Working Capital Requirements (A) – (B)	314.12	Nil	268.12	Nil
FUNDING PATTERN				
Working capital facilities available	54.50	Nil	58.47	Nil
Internal accruals	259.62	Nil	209.65	Nil

As per certificate from Maheshwari & Co. dated August 31, 2021.

The table below sets out (a) our Company's estimated current assets and financial assets (**Current and Financial Assets**) and estimated current liabilities and financial liabilities (**Current and Financial Liabilities)** for Fiscal 2022 and the estimated incremental working capital requirements; (b) our Company's Current and Financial Assets and Current and Financial Liabilities for Fiscal 2021, as per our audited standalone financial statements; (c) holding period of such Current and Financial Assets and Current and Financial Liabilities; and (d) our Company's incremental working capital requirements.

(in ₹ crores, except data in respect of days)

Particulars	Fiscal 2022	Holding period (no. of days)	Fiscal 2021	Holding period (no. of days)	Fiscal 2020	Holding period (no. of days)
	Estimated		Actuals		Actuals	
CURRENT ASSETS						
Inventories:						
v. Raw materials	22.00	33	11.32	53	24.18	52
vi. Work in progress	Nil	Nil	Nil	Nil	Nil	Nil
vii. Finished goods	Nil	Nil	Nil	Nil	Nil	Nil
viii. Stores & Spares	Nil	Nil	Nil	Nil	Nil	Nil
Trade receivables	203	114	145.93	111	147.43	93

Cash and cash equivalents	116.12	Nil	107.01	Nil	51.57	Nil
Other current assets	270.11	Nil	288.65	Nil	281.90	Nil
Total Current Assets (A)	611.23	Nil	552.91		505.08	
CURRENT LIABILITIES						
Trade payables	115	76	128.23	114	119.33	91
Other current liabilities	108.81	Nil	108.10	Nil	115.19	Nil
Short-term provisions	2.49	Nil	2.47	Nil	2.43	Nil
Total Current Liabilities (B)	226.30	Nil	238.80	Nil	236.96	Nil
Total Working Capital Requirements (A) – (B)	384.93	Nil	314.12	Nil	268.12	Nil
FUNDING PATTERN						
Working capital facilities available	**68.00**		**54.50**		**58.47**	
To be met from the Net Proceeds	**40.00**		**Nil**		**Nil**	
Internal accruals	**276.93**		**259.62**		**209.65**	

***** *As per certificate dated Maheshwari & Co. from August 13, 2021.*
# *Please see assumptions below.*

The basis of estimation of working capital requirement is set out as below:

Sr. No.	Particulars	Assumptions
1.	Inventories	During Fiscal 2020, we had inventory amounting to ₹ 24.18 crores. In Fiscal 2021, due to the COVID-19 pandemic and the consequent lock down, we had reduced inventory of ₹ 11.32 crores. Ideally, we will need a minimum of ₹ 22 crores raw material inventory to execute projects acquired during Fiscal 2021 to ensure uninterrupted execution.
2.	Trade receivables	Our Company had 93 and 111 days of receivables at the end of Fiscal 2020 and Fiscal 2021 mainly due to the COVID-19 pandemic. Our Company executes a majority of its contracts with government departments, and we assume that there will be delay in payment from the government department. Based on this, we continue to assume receivable cycle of 114 days in the Fiscal 2022 .
3.	Cash and cash equivalent	Cash and cash equivalents represent cash balances and earmarked balances that are available with banks at the end of the period. The estimates projected here are in line with business needs.
4.	Other current assets	Other current assets includes contract assets, retention by government department, balance with government departments and other loans and advances, deposits, balances etc.
5.	Payables	Our Company had a cycle of 114 days in Fiscal 2021, due to the impact of the COVID-19 pandemic. Our Company prefers to make timely payment to creditors to avoid the any based on this payable cycle has been reduced.

Means of Finance

Based on the assumptions and projections set out above, our Company estimates a working capital requirement of ₹ 40.00 crores for Fiscal 2022.

(*in ₹ crores*)

Sr. No.	Particulars	Amount
1.	Working capital facilities available	68.00
2.	Net Proceeds	40.00
3.	Own funds / internal accruals	276.93
Total		**384.93**

General Corporate Purposes

Our Company intends to deploy any balance Net Proceeds towards general corporate purposes, not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The allocation or quantum of utilisation of funds towards the specific purposes will be determined by our Board, based on our business requirements and other relevant considerations, from time to time.

General corporate purposes may include, but are not restricted to, the following:

a. strategic initiatives;
b. funding growth opportunities;
c. meeting ongoing general corporate contingencies;
d. meeting fund requirements of our Company, in the ordinary course of its business;
e. meeting expenses incurred in the ordinary course of business; and
f. any other purpose, as may be approved by the Board, subject to applicable law.

Estimated Issue related expenses

The Issue related expenses include, among others, fees to various advisors, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Sr. No	Activity expense	Amount (in crores)*	% of total estimated Issue Expenditure	% of Issue Size
1.	Lead Manager Fees	[●]	[●]	[●]
2.	Brokerage, Selling commission and upload fees	[●]	[●]	[●]
3.	Registrar to the Issue fees	[●]	[●]	[●]
4.	Legal Counsel fees	[●]	[●]	[●]
5.	Advertising and marketing Expenses	[●]	[●]	[●]
6.	Statutory, Regulators fees including Stock Exchange fees	[●]	[●]	[●]
7.	Printing and distribution of issue stationery	[●]	[●]	[●]
8.	Miscellaneous Expenses	[●]	[●]	[●]
	Total	[●]	[●]	[●]

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

Interim use of proceeds

Our Company shall deposit the Net Proceeds, pending utilisation if any, (for the stated objects) with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by SEBI.

Monitoring of utilization of funds

Since the Issue size is for an amount less than ₹ 100 crores, in terms of Regulation 82 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee and the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, if any, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in this Draft Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Appraising entity

None of the objects of this Issue, for which the Net Proceeds will be utilized, have been appraised.

Strategic or financial partners

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

Interest of Promoters, Promoter Group and Directors, in the objects of the Issue.

Our Promoters, Promoter Group and Directors do not have any interest in the objects of the Issue. No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter Group, Directors and Key Managerial Personnel of our Company.

STATEMENT OF TAX BENEFITS

Annexure to the Statement of Possible Special Tax Benefits available to our Company and its Shareholder under the Income-tax Act, 1961 and other direct tax laws presently in force in India.

Date: August 13, 2021

To,

The Board of Directors
R.P.P Infra Projects Limited
S.F.No. 454, Raghupathynaiken Palayam,
Railway Colony (Post), Poondurai Road,
Erode - 638002
Tamil Nadu, India

Inga Ventures Private Limited
1229, Hubtown Solaris,
N.S. Phadke Marg, Opp. Telli Galli,
Andheri (E), Mumbai - 400 069

(Inga Ventures Private Limited is referred to as the **Lead Manager**)

Sub: Statement of Special Tax Benefits (Statement) available to R.P.P. Infra Projects Limited (Company), its certain material subsidiaries and the shareholders of the Company in connection with the proposed issue of equity shares of face value ₹ 10 each by the Company on rights basis (Rights Equity Shares) under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 2018, as amended (Issue)

Dear Sirs,

I, CA. S. N. Duraiswamy, the statutory auditor of the Company, hereby report that the enclosed statement is in connection with the possible special tax benefits available to: (i) the Company and; (ii) to the shareholders of the Company, under applicable tax laws presently in force in India including the Income Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the applicable states' and union territory Goods and Services Tax Act, the Foreign Trade Policy and Handbook of Procedures, Customs Act, 1962,State Industrial Incentive Policies and rules made under any of the aforementioned legislations.

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

The benefits discussed in the enclosed **Annexure A** cover only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company (**Statement**). Further, the benefits discussed in the enclosed Statement are not exhaustive. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. I do not express any opinion or provide any assurance as to whether:

i. the Company or its shareholders will continue to obtain these benefits in the future;

ii. the conditions prescribed for availing of the benefits have been/would be met with; or

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

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

I hereby consent to the extracts of this certificate being used in the Draft Letter of Offer (**DLOF**), Letter of Offer (**LOF**), the Abridged Letter of Offer (**ALOF**) and other related documents (the DLOF, LOF, ALOF and other documents are collectively referred to as the **Offer Documents**) each prepared by the Company and filed with the relevant regulatory authority(ies) and uploaded on the website of the Company, as appropriate and relevant.

I undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Rights Equity Shares issued pursuant to the Issue commence trading on the recognized stock exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date the Rights Equity Shares commence trading on the recognized stock exchanges.

This certificate may be relied on by the Lead Manager and the legal counsel in relation to the Issue.

The Statement is intended solely for information and inclusion in the Offer Documentseach prepared by the Company and filed with the relevant regulatory authority(ies), as appropriate,in connection with the Issue and is not to be used, referred to or distributed for any other purpose, without our prior consent.

Yours sincerely,

CA. S.N. Duraiswamy
Chartered Accountant
Registration No. / Membership No: 026599
UDIN :
Place : Erode
Date :

Cc:

Bharucha & Partners
13th Floor, Free Press House,
Free Press Journal Marg,
Nariman Point,
Mumbai 400 021,
Maharashtra, India.

Annexure A

STATEMENT OF TAX

The information provided below sets out the possible direct and indirect tax benefits in the hands of RPP Infra Projects Limited (**Company**), its certain material subsidiaries and the Shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the current tax laws presently in force in India. Several of these benefits are dependent upon their fulfilling the conditions prescribed under the relevant direct and indirect tax laws. Hence, the ability of the Company, its certain material Subsidiaries and the Shareholders of the Company to derive the direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company or its certain material Subsidiaries and the Shareholders of the Company may or may not choose to fulfil. Further, certain tax benefits may be optional and it would be at the discretion of the Company or its certain material Subsidiaries or the Shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares 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.

The tax benefits stated below are as per the Income Tax Act 1961, (**IT Act**) as amended from time to time and applicable for financial year 2021-22 relevant to the assessment year 2022-23 and Indirect Tax Regulations as amended from time to time and applicable for financial year 2021-22.

I. <u>Special Tax Benefits available to the Company and its Certain Material Subsidiaries under IT Act</u>

1. Direct Taxes

a. Section 80IA :

As per Section 80IA Companies engaged in developing or operating or maintaining Infrastructure facility can claim deduction of 100% of profits for 10 consecutive assessment years.

According to the information and explanation given to us, the Company has discontinued the 80IA Claim as they have opted for the lower tax regime under Section 115BAA since FY 2019-20.

b. Section 115BAA

Section 115BAA has been inserted in the Income Tax Act,1961 to give the benefit of a reduced corporate tax rate for the domestic companies. Section 115BAA states that domestic companies have the option to pay tax at a rate of 22% plus sc of 10% and cess of 4%. The Effective Tax rate being 25.17% from the FY 2019-20 (AY 2020-21) onwards if such domestic companies adhere to certain conditions specified. The company need not pay tax under MAT if it opts for Section 115BAA.

According to the information and explanation given to us, the Company has opted for the lower tax regime under Section 115BAA since FY 2019 - 20.

2. Indirect Taxes

There are no special tax benefits available to the Company under:

a. The Central Goods and Services Tax Act, 2017 and rules thereunder,

b. The Integrated Goods and Services Tax Act, 2017 and rules thereunder

c. The Union Territory Goods and Services Tax Act, 2017 and rules there under

d. Respective State Goods and Services Tax Act, 2017 and rules there under

e. Goods and Services (Compensation to States) Act, 2017 and rules there under

f. Notifications issued under these Acts and Rules.

g. Foreign Trade Policy and Handbook of Procedures

h. Customs Act, 1962

i. State Industrial Incentive Policies

II. Special Tax Benefits available to the Share holders

The Shareholders of the Company are not eligible to any special tax benefits under the provisions of the IT Act read with the relevant Income Tax Rules, 1962.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

All information in this chapter is sourced from the CRISIL Report. The CRISIL Report is subject to the disclaimer set out in chapter entitled "Presentation of Financial, Industry and Market Data – Disclaimer of CRISIL" on page 17. All forward-looking statements, estimates and projections in this chapter are CRISIL Research's forward -looking statements, estimates and projections. While we have taken reasonable action to ensure that information from the CRISIL Report has been reproduced in its proper form and context, none of our Company, the Lead Manager and our respective directors, employees, agents and professional advisors have conducted an independent review of the content or independently verified the accuracy thereof. Accordingly, prospective investors should not place undue reliance on the information contained in this chapter.

1. Macroeconomic overview of India

1.1. Trend in GDP growth in India

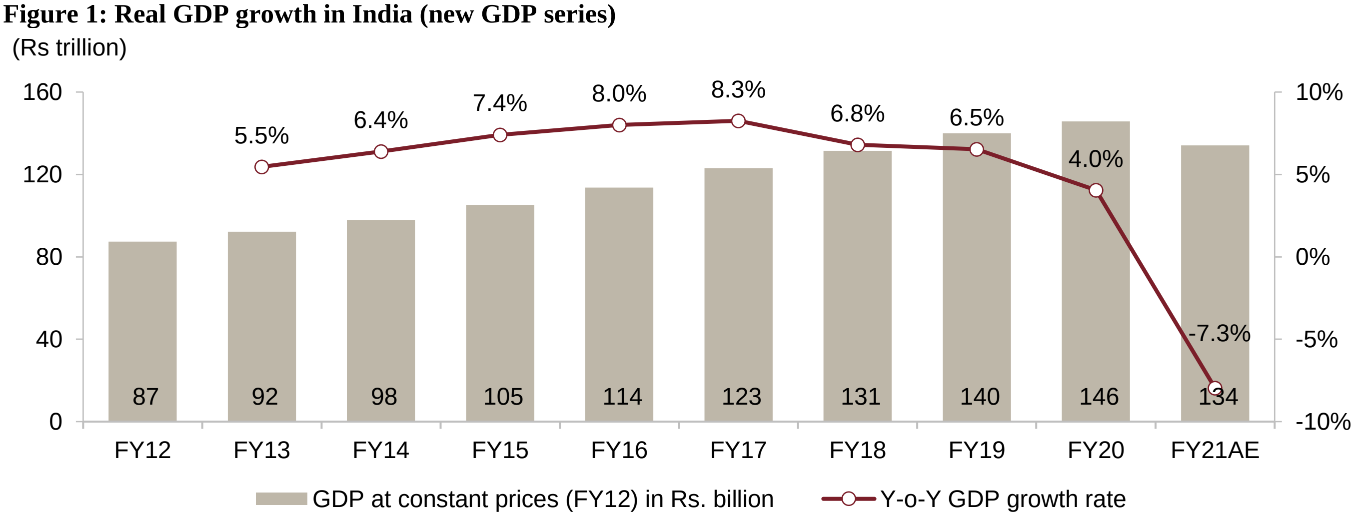
GDP increased at 6.6% CAGR between fiscals 2012 and 2020

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

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

India's GDP growth in fiscal 2020 was 4.2% as per provisional estimates. Private consumption was down to a decadal low of 5.3% from 7.2% in fiscal 2019. The dip is clearly a fallout of the slowdown in spending by the central and state governments and a muted private sector appetite for fresh investments. Over the past four years, a sharp increase in government spending, especially on infrastructure, such as roads, railways and highways, had kept the overall investment spending growth at 8% average. In fiscal 2020, though, government investment spending took a backseat. Meanwhile, weak consumption demand and low capacity utilization kept investments in the manufacturing sector in the lull.

Figure 1: Real GDP growth in India (new GDP series)



Note: PE- Provisional estimates
Source: Provisional Estimates of Annual National Income, 2019-20, Central Statistics Office (CSO), MoSPI, CRISIL Research

Gross value added (GVA) at basic prices (constant 2011-12 prices)

Rs trillion	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	CAGR
GVA at basic prices	81.1	85.5	90.6	97.1	104.9	113.3	120.7	128.0	133.0	124.5	4.9%
Y-o-Y growth (%)		5.4%	6.1%	7.2%	8.0%	8.0%	6.6%	6.0%	3.9%	-6.4%	

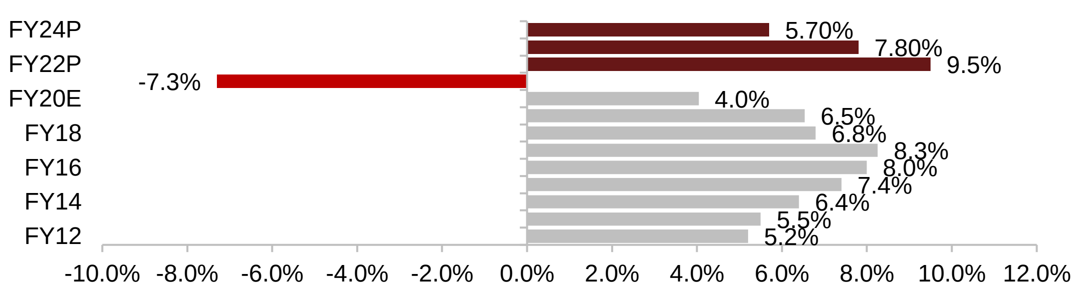
CAGR is between fiscal 2012 and 2021 Source: CRISIL Research

Economy contracted 7.3% in fiscal 2021

Fiscal 2021 has been a challenging year for the Indian economy, which was already experiencing a slowdown before the pandemic created the 'perfect storm'. Though data suggests there has been some pick-up in recent months, recovery is weak and uneven. GDP contracted 7.3% (in real terms) last fiscal, after growing 4.0% in fiscal 2020. At Rs 135.1 lakh crore last fiscal, India's GDP (in absolute terms) went even below the fiscal 2019 level of Rs 140.0 lakh crore. Also, after contracting in the first half because of the Covid-19 pandemic, the economy rebounded in the second half, growing 0.5% and 1.6% on-year in the third and fourth quarters, respectively. While the economy shrank as a whole in fiscal 2021, agriculture and allied activities, and electricity, gas, water supply and other utility services were the outliers, logging positive growth. On the other hand, the contact-intensive trade, hotels, transport and communication sectors, and services related to broadcasting were hit the most and continued to shrink in all the quarters. Construction – a labour-intensive sector – was also severely hit in the first half but rebounded in the second half.

India is getting back on its feet slowly, with divergent growth trends. Though data suggests there has been some pick-up in recent months, recovery is weak and uneven. And indeed, the scars of the pandemic continue to run deep for small businesses, the urban poor and most of the services sector. The gains made by the economy in the fourth quarter of fiscal 2021 seem to have fizzled out in the first quarter of fiscal 2022 because of the fierce second wave of Covid-19, leading to localised lockdowns in most states. At the same time, monetary policy has begun normalising, and some tightness in domestic financial conditions is inevitable. Against this backdrop, policy support remains critical, apart from action in the external environment. In fiscal 2021, the policy response to the pandemic focussed more on damage control and measures to support the economy. This fiscal, though, the government is expected to normalise some of the extraordinary or unconventional policy moves, while trying to ensure there is smooth revival in growth. Some of its biggest challenges ahead will be broad-basing growth to the services and labour-intensive manufacturing sectors and ensuring financial conditions stay supportive.

Real GDP growth (% on-year)



E: Estimated; P: Projected by CRISIL Research; GDP calls updated as of Mar 2021;
Source: Second advance estimates of national income 2020-21, CSO, MoSPI, CRISIL Research

Key fiscal measures announced by the Centre to deal with the pandemic impact

To mitigate the pandemic's negative impact on the economy, the Central government has announced a Rs 20.9 trillion package, amounting to 10% of the country's nominal GDP. The package is a mix of fiscal and monetary measures (to revive growth in the short term) and reforms (to boost long-term economic prospects). Liquidity support has been a major part of India's response so far. Globally, too, liquidity measures have played a lead role in policy response. The immediate fiscal cost to be borne by the government would be ~Rs 2.6 trillion, or 1.2% of nominal GDP. Further, execution of the government's measures to revive the economy and pace of implementation of the announced reforms are key monitorables.

Fiscal 2022 base case GDP growth to be 9.5%

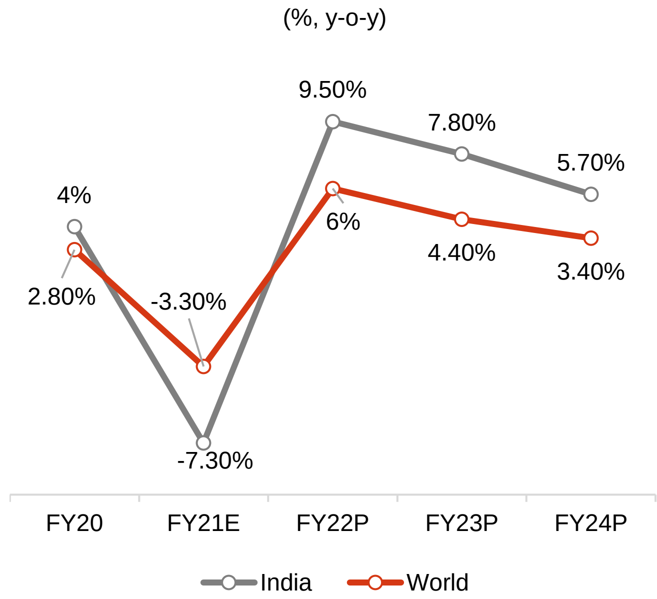
CRISIL forecasts India's GDP growth to rebound to 9.5% in fiscal 2022 as four drivers converge:

1. **Weak base:** A 7.3% contraction in GDP in fiscal 2021 will provide a statistical push to growth next fiscal.
2. **Global upturns:** Higher global growth in 2021, i.e., world GDP up by 5.0%, advanced economies 4.3%, emerging economies 6.3%, should lift exports.
3. **Covid-19 curve:** India is witnessing the second wave of Covid-19 infections and at the same time learning to live with the virus, with the rollout of vaccines. These should broaden growth this fiscal, especially in the services and unorganised sectors.
4. **Fiscal push:** Stretch in the fiscal glide path and focus of Union Budget 2021-22 on capex are expected to have a multiplier effect on growth.

Risks to GDP growth

1. **A third wave this fiscal:** This could bring further disruption to mobility and economic recovery.
2. **Slower pace of vaccination:** Insufficient pick-up in pace of vaccinations, accentuating risks of a third wave.
3. **Elevated inflation:** Significant cost-push pressures on account of surging international commodity prices and supply disruptions has raised cost of production for manufacturing firms. Pass-through to consumer prices could further pose as a headwind to recovery in demand.
4. **Premature tightening of global monetary policies:** Resurgence of inflation globally could lead major central banks to unwind their extraordinary easy monetary policies sooner than expected. This could hit sentiment, possibly leading to capital outflows from the Indian economy and some tightening in domestic financial conditions.

In next three fiscals, India's growth to be greater than the global GDP



GDP growth to rebound to 9.5% in this fiscal on the back of a very weak base and the rising-global-tide effect.

CRISIL sees India's GDP growth rebounding to 9.5% this fiscal, due to a very weak base, flattening of the Covid curve, rollout of vaccinations, investment-focused government spending, and benefit from the 'rising global tide lifts all boats' effect. Yet, the economy is expected to reach pre-pandemic levels only by the second quarter (Q2) of this fiscal. Services will take longer to recover than manufacturing.
Over fiscals 2023-25, growth is seen averaging at ~6.1% annually. In this scenario, strong growth in GDP is unlikely in the next three fiscals. CRISIL Research estimates the economy will see a permanent loss of ~12% real GDP due to this. Real GDP will catch up to the fiscal 2020 level only by fiscal 2022. Beyond fiscal 2022, India is seen growing faster than the world.

Note: Forecasts for World are for calendar year; FY20=2019; P: Projected; updated as of Jun 2021; India numbers from for FY20 and FY21 are based on MOSPI latest GDP estimates and FY22 onwards are CRISIL Research estimates while World GDP growth rates are from IMF world economic outlook update as of April 2021
Source: S&P Global Ratings, CRISIL

Fiscal 2022 is also seen emerging as a story of two halves. The first half will be characterised by a base effect-driven recovery amid the challenge associated with resurgence in Covid-19 infections. But the second half should see a more broad-based growth, as vaccine rollout and herd immunity support sectors that are lagging. These include most of the services sectors, especially contact-based travel, tourism and entertainment. Also, stronger global growth should support India's exports to some extent. Revival will not be uniform across sectors, though. The rural economy has been more resilient than the urban, and manufacturing leads services in recovery. But trade has rebounded faster than the rest of the economy, with exports as well as imports scaling pre-pandemic levels.

The second wave suggests the pandemic remains an ongoing risk. India's second wave has wreaked havoc, with daily cases crossing a staggering 3 lakh in the week through April 25. India's daily infections recorded the highest number of cases in a single day among countries worldwide, and daily deaths crossed the peak of the first wave. Worryingly, their steep trajectory seems to be following that of daily cases. The March 2020 nation-wide lockdown led to a massive migrant exodus. This time, even though there have been no nationwide restrictions, the increasing number of cases have prompted states to announce localised restrictions and curfews in different forms. There has been no restriction on economic activity and the impact on GDP is expected to have limited downside risk. But with increase in cases in May 2021 and depending upon the restrictions, there is downside risk to GDP growth if the spread is not brought under control

Risks to the fiscal 2022 forecast

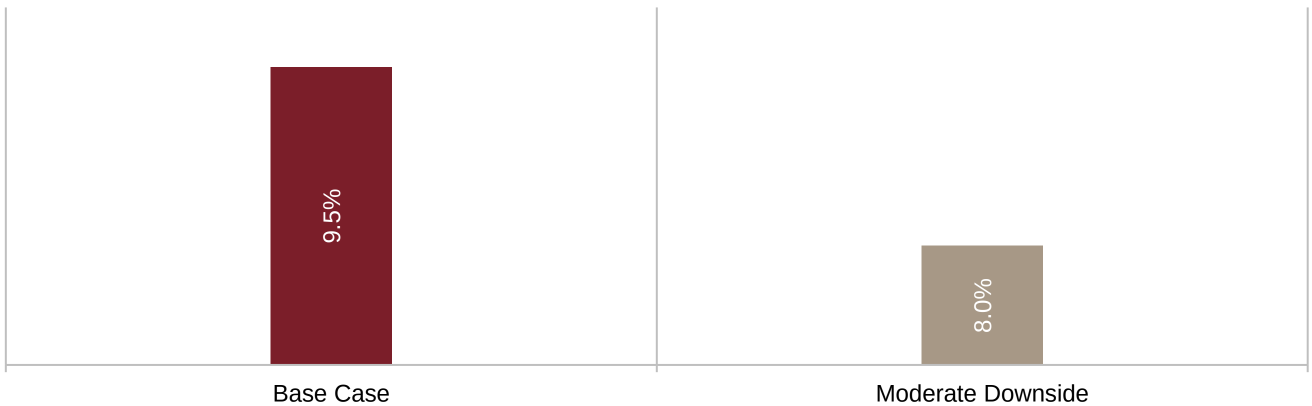
The base case of 9.5% GDP growth assumes that Covid-19 restrictions will continue and mobility will remain affected in some form or other, at least till August. The pace of economic recovery will also be a function of what the pace of vaccination is in the coming months. We find that countries with over 40% of their population vaccinated are seeing a faster and more broad-based economic recovery. The government plans to vaccinate India's entire adult population

(68% of total population) by this December – a tall order even if there are sufficient vaccines available. CRISIL's base case is 70% of the adult population vaccinated by December.

There is one other scenario affecting our GDP forecast.

Scenario 1: Moderate downside of 8% GDP growth assumes a third Covid-19 wave and a slower-than-anticipated pace of vaccination.

GDP growth in fiscal 2022%, y-o-y



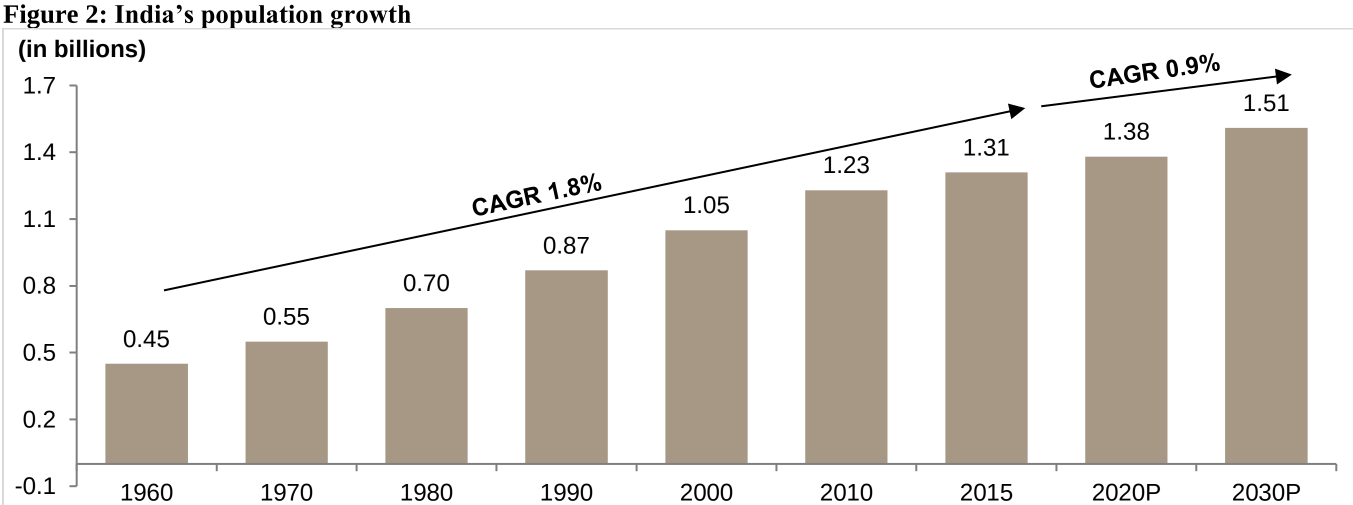
Source: S&P Global ratings, CRISIL Research, Jun 2021

1.2. Population growth of India

India's population is projected to touch 1.5 billion by 2030

India's population clocked 1.8% CAGR from 2001 to 2011 to reach ~1.2 billion and comprised nearly 246 million households, as per Census 2011.

Figure 2: India's population growth



Note: P- Projected
Source: World Urbanization Prospects: The 2018 Revision, United Nations, CRISIL Research

According to the World Urbanization Prospects: The 2018 Revision by the United Nations, India and China, the top two countries in terms of population, accounted for nearly 37% of the world's population in 2015.The report projects India's population to increase at 1% CAGR to 1.5 billion by 2030, making it the world's most populous country, surpassing China (with 1.4 billion people by 2030).

1.3. Trend in Per capita income levels

India's per capita income rose at healthy pace between fiscals 2012 and 2020; India's per capita GDP growing at ~2.5x global per capita GDP growth rate

India's per capita income, a broad indicator of living standards, clocked ~5% CAGR between fiscals 2012 and 2020, rising from Rs 63,642 to Rs 94,954. The growth in per capita income was led by better job opportunities, propped up by overall GDP growth. Moreover, population growth has remained fairly stable at ~1% CAGR.

Table 1: Per capita net national income at constant prices

	FY12	FY13	FY14	FY15	FY16	FY17	FY18 (3rd RE)	FY19 (2nd RE)	FY20 (1st RE)	FY21 (2nd AE)
Per capita net national income (Rs)	63,462	65,538	68,572	72,805	77,659	83,003	87,586	92,241	94,566	85,929
On-year growth (%)		3.3%	4.6%	6.2%	6.7%	6.9%	5.5%	5.3%	2.5%	-9.1%

Note: RE: Revised estimates; AE: Advanced Estimates
Source: Provisional Estimates of Annual National Income, 2019-20, CSO, MoSPI, CRISIL Research

As per the IMF estimates, global GDP per capita clocked a compound annual growth rate (CAGR) of 1.2% between 2015 and 2020. During the period, the on-year per capita GDP growth rate consistently fell in the range of 1.4-2.1%. India's per capita GDP has clocked a CAGR of 3.2% during the corresponding period, growing ~2.5 times faster than the global per capita GDP. Going ahead, over the next five years until 2025, IMF forecasts India's GDP per capita to continue to outpace the global average albeit at a slower pace; while GDP per capita at global level is expected to grow at ~5.2% CAGR during the corresponding period, for India it is expected to grow at ~7.8% CAGR.

Table 2: Per-capita GDP – Global and India (current prices) (USD per capita)

in USD	CY15	CY 16	CY 17	CY18	CY19	CY20P	CY21P	CY25P	CAGR (CY15-20)	CAGR (CY20-25)
Per capita GDP – **Global** (current prices)	10,321	10,365	10,881	11,431	11,557	10,954	11,773	14,107	1.2%	5.2%
Per capita GDP – **India** (current prices)	1,606	1,732	1,982	2,006	2,098	1,877	2,031	2,729	3.2%	7.8%

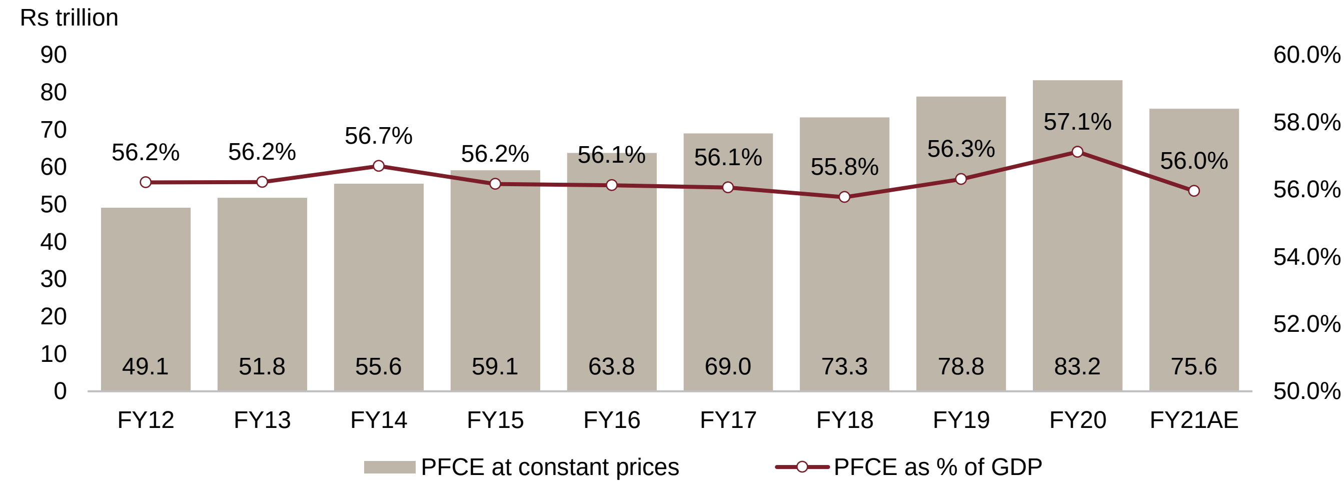
P-Projected
Source: IMF, CRISIL Research

1.4. Review of private final consumption growth in India

Private final consumption expenditure to maintain dominant share in GDP

Private final consumption expenditure (PFCE) at constant prices clocked 6.8% CAGR between fiscals 2012 and 2020, maintaining its dominant share in the GDP pie, at ~57% or Rs 83.3 trillion. Factors contributing to the growth included good monsoons, wage revisions due to the implementation of the Pay Commission's recommendations, benign interest rates, and low inflation. PFCE declined in fiscal 2021 to Rs 75.6 trillion on account of the pandemic, where consumption demand was impacted on account of strict lockdown, employment loss, limited disposable spending, and disruption in demand-supply dynamics.

PFCE (at constant prices)

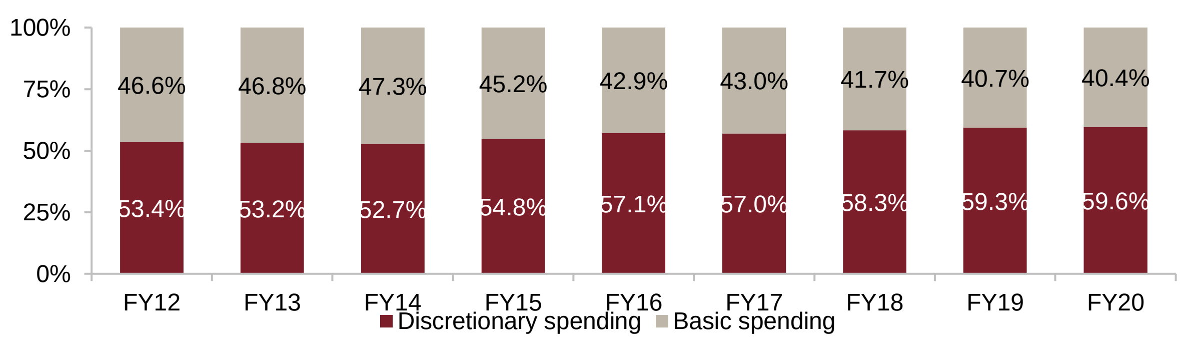


AE: Advanced estimates
Source: Second advance estimates of national income 2020-21, CSO, MoSPI, CRISIL Research

Consumption expenditure to be driven by discretionary items

According to CRISIL Research, basic items accounted for 40.4% of the total consumption expenditure of Indian consumers in fiscal 2020, with discretionary items accounting for the remainder 59.6%. It is worth noting that the share of discretionary items in consumption increased to 59.6% in fiscal 2020 from 53.4% in fiscal 2012. The increased spending on discretionary items suggests rising disposable income of households.

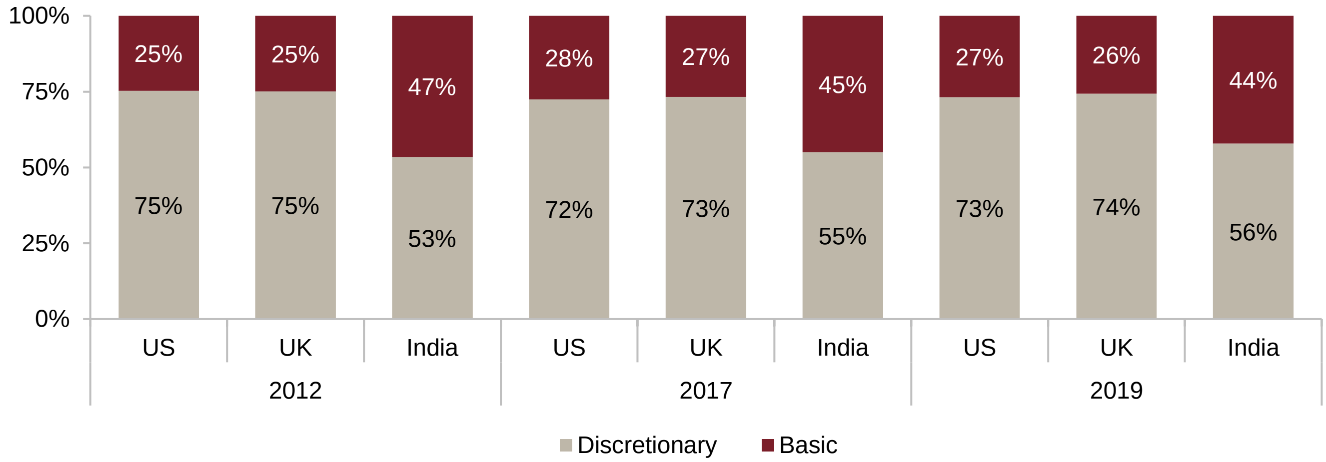
Broad split of PFCE consumption into basic and discretionary spending



Note: Basic items include food, clothing and housing. Discretionary items include education, healthcare, electricity, water supply, footwear, personal care products, processed foods, alcoholic and non-alcoholic beverages, tobacco, narcotics, fuel and gas, furnishing and household equipment, vehicle and personal transportation, spending on recreation and culture, communication, restaurants and hotels, financial insurance and other financial services, and other items not elsewhere classified (n.e.c.)
Source: MoSPI, CRISIL Research

India's discretionary spending is lower than that of advanced economies such as the US and the UK, and is expected to grow with a rise in per capita income. In 2012, discretionary items formed ~75% share of spending for both the US and the UK, compared with ~53% for India. The share increased to ~76% for the US, 77% for the UK and 55% for India in 2017, and stood at 73%, 74% and 56%, respectively, in 2019. With the Indian economy advancing and household disposable income rising, the share of discretionary spending is expected to increase and drive growth in overall consumption expenditure.

Comparison of consumption pattern of India, the US and the UK



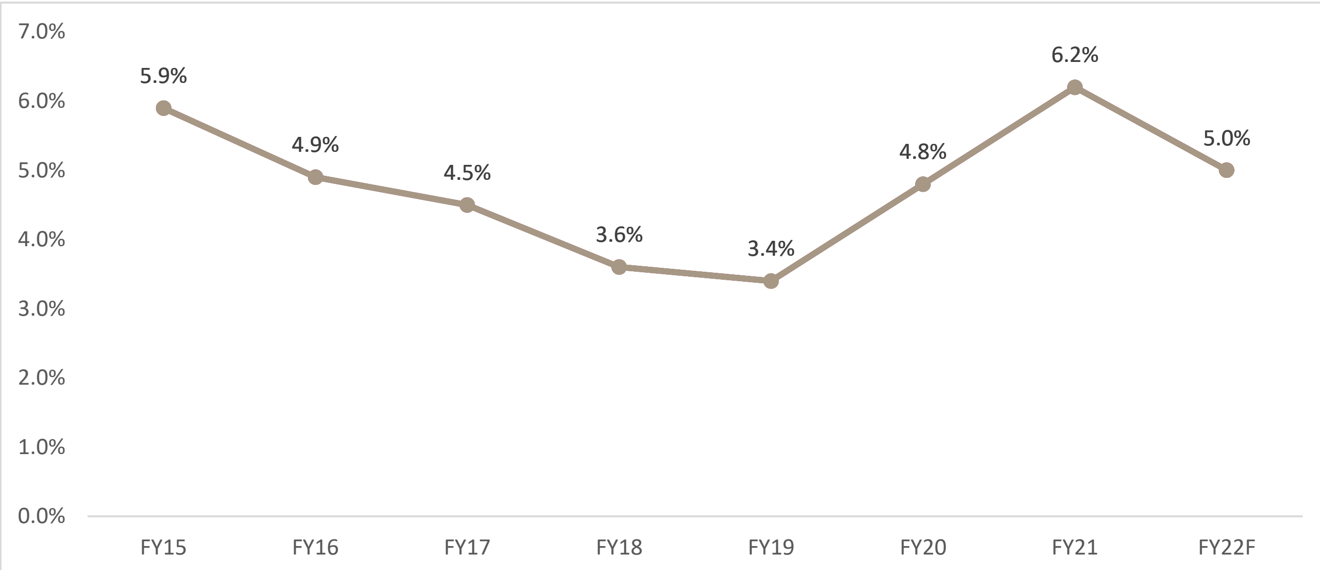
Notes:
CRISIL Research has used consumer / household spending data (the US and the UK) and private final consumption data (India) to arrive at the broad split into discretionary and basic items, as defined earlier.
Data for the US is for 2011, 2016 and 2018, and for the UK and India is for fiscals 2012, 2017 and 2019.
Source: MoSPI, Office of National Statistics – UK, Bureau of Economic Analysis – US Department of Commerce, CRISIL Research

1.5. Review and Trend in Inflation (CPI)

CPI has seen a steady decline until fiscal 2019; though last few months has seen a reverse trend

Inflation has been a key economic issues – more so since the Reserve Bank of India (RBI) made inflation-targeting a single-minded pursuit. India is one of the latest entrants to the Flexible Inflation Targeting (FIT) regime which refers to publicly declared, explicit medium-term targets of inflation in an economy, and a commitment from monetary authorities to achieve them. India adopted FIT regime in June 2016. The retail inflation based on the new combined CPI series, with 2011-12 base, saw a consistent decline from 9.4% in fiscal 2014 to 3.4% in fiscal 2019 before rising slightly to 4.8% in fiscal 2020. This decline was largely led by a secular decline in food inflation over the corresponding period.

Figure 3: Trend and outlook on inflation (CPI)



Note: F- Forecast
Source: Provisional Estimates of Annual National Income, 2019-20, CSO, MoSPI, CRISIL Research

While headline CPI inflation has managed to come within the RBI's target range of 2-6% in 2021, it continues to face pressures from rising input prices. Moreover, core CPI inflation, which was already above 5% in the pandemic-hit 2020, reached a 28-month high of 6% in February 2021. While high petrol and diesel prices have primarily contributed to the rise, firms are also increasingly passing rising input costs to consumers since demand had picked up.

Consumer price index-linked inflation moderated to 4.3% in April from 5.5% in March largely on account of a high base (inflation had risen to 7.2% on-year in April 2020). However, data collection was disrupted in April and May last year; hence, the base may not reflect trends accurately. On a seasonally adjusted basis, CPI inflation rose 0.6% on-month in April, with the rise broad-based across food, fuel and core inflation. Retail prices have started feeling the heat of rising international commodity prices, in particular edible oils, metals and crude oil.

According to the April MPC meeting, inflation will face upside and downside pressures. It maintained rising commodity prices and logistics costs will put input price pressures across manufacturing and services. However, it expects bumper agriculture production to bring down food inflation. It suggested inflation can be capped by reducing taxes on petrol and diesel, and duties on critical import items such as edible oil. With inflation back in the target range of 2-6% at the moment, it may be a while before it is firmly down.

Going ahead, inflationary pressures do exist on account of (a) high commodity prices, including crude oil, which would mean higher fuel inflation; and (b) stickiness in core inflation, which could firm up as the economy recovers furthers. This calls for a careful watch on the inflation path. Accordingly, CRISIL pegs fiscal 2022 CPI inflation at 5.0%.

1.6. Overview of key recently announced fiscal measures to deal with COVID-19 pandemic

The government announced a series of fiscal measures under the Atmanirbhar Bharat initiative to contain the human and economic damage from the COVID-19 pandemic. Following are the details of key measures announced under

three packages announced in the months of May, October and November.
Fiscal stimulus 1.0:

The government announced measures worth Rs 11 trillion in five tranches. This was in addition to the earlier announced measures worth Rs 9.9 trillion (RBI liquidity support and others), taking the total financial support amount to Rs 20.9 trillion. It was announced by government of India with the aim to revive the economy by liquidity infusion and income support. The actual committed fiscal outgo of Rs 1 trillion, translating to 9% of the Rs 11 trillion of measures outlined over the five tranches. The bulk of this direct support was through the Pradhan Mantri Garib Kisan Yojana. The government also ploughed in some earlier discussed structural reforms, especially in tranches 4 and 5, to help drive India's medium-term growth story. The announcements pertained especially to sectors such as mining, aviation, urban infrastructure, power, and agriculture.

Further, the government increased the borrowing limit for state governments from 3% of their GDP to 5% of GDP. However, of this additional 2 percentage points, 1.5 percentage point is conditional upon states achieving certain targets.

For addressing near-term issues, apart from direct benefit transfers and additional spending through MNREGA, the government mobilised credit to micro, small and medium enterprises (MSMEs), agriculture, and the affordable housing sector. Like the 100% guarantee on Rs 3 trillion loans to MSMEs with one year moratorium to help these units, which are typically strapped for working capital. It was also aimed at spurring credit growth for both banks and non-banks this fiscal and contain delinquencies in the segment, which would have increased otherwise.

Fiscal stimulus 2.0:

The government measures targeted increasing the demand in the economy. Government has proposed a scheme where central government employees can spend their tax-exempt travel concessions on certain goods and services. It also made provisions for them to receive a part of their wages in advance to spend on their choice of festival before the end of March next year. The stimulus also includes infrastructure spending of Rs.250 billion and interest free loan to states which stands at Rs.120 billion. The measures announced under this package amounted to Rs 0.7 trillion.

Fiscal stimulus 3.0:

This Rs 2.65 trillion stimulus package is aimed at job creation, access to credit and farm support with. The key highlight of this stimulus is to provide production linked incentives to 10 sectors which is estimated at around 1.45 trillion. This is proposed to be spent over the next five years to encourage domestic manufacturing across 10 sectors – namely, textiles, food, pharma, consumer durables, auto, telecom, specialty steel, solar, electronic, and battery. The stimulus package also provides Rs.650 billion additional outlay for subsidy towards fertilisers sector. The stimulus also includes outlay of Rs.180 billion for housing for all plan besides it also includes package of Rs.100 billion to support rural economy.

1.7. Key Measures announced by government for Infrastructure sector to deal with Covid-19

The outbreak of Covid-19, the subsequent lockdown and its financial fallout will impact construction spending across construction sub-sectors in fiscal 2021. All sub-sectors are expected to be impacted with building & construction and industrial sectors expected to be the most impacted. Central government have announced some key measures to address the implications caused by Covid-19. Some of the key measures announced by government are as follows

- Up to 6 month extensions for completion of infrastructure projects: Central government has given extension of up to 6 months to contractors whose operations are hit by Covid-19. This extension is given with no additional penalty for missing out on milestones. All central agencies like Railways, Ministry of Road transport and highways and central public works department will grant extensions to its contractors engaged in different projects work.

- RERA granted 6 to 9 months extension for real estate project completion: Due to Covid-19, majority of works on real estate projects got stalled as supply chain disruptions and labour shortages hampered projects. To safeguard the interests of consumers many state RERA authorities have extended the completion timeline of project by 6 to 9 months.

- Release of retention money in proportion of work done and no further deduction of retention money for 3-6 months from contractors: Ministry of Road transport and highways have directed all central agencies to release retention money in proportion to work completed by the contractor and not to deduce any retention money from the bills raised by the contractor in the period 3 to 6 months

- Enabled monthly payments based on work completed instead of milestone based payments

- Performance security on contracts reduced to 3% instead of 5-10%: The performance security deposit which is the proportion of total cost of project that contractor keeps with the client. The rate of deposits have been slashed in view of Covid-10 pandemic. As these fees usually have to paid upfront, reduction in the rate of deposit is expected to bring respite to stressed construction companies

- Earnest Money Deposit (EMD) for tenders to be replaced by bid security self-declaration: Government of India have provided relaxation on Earnest money deposit on government tenders. EMD is to be replaced by bid security self-declaration

1.8. Key budgetary proposals for Infrastructure sector

The budget bats for a massive push to infrastructure creation by taking the lead in capex for fiscal 2022. The budget intends to augment funds for the flagship National Infrastructure Pipeline, and lays down a roadmap to do so by increasing capital expenditure, monetizing assets and developing instruments for infrastructure financing.

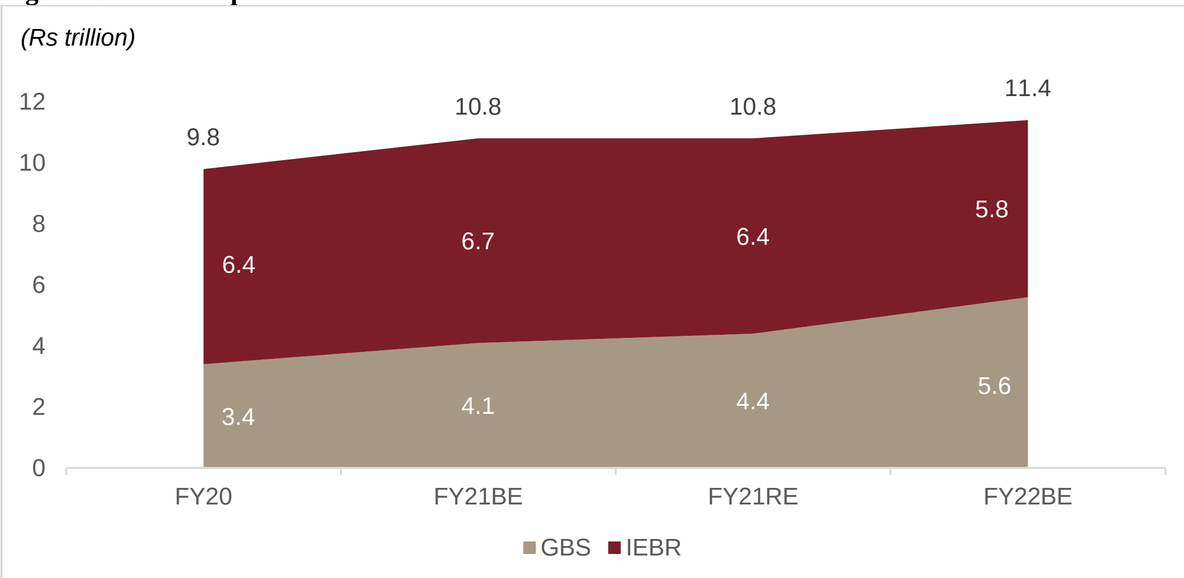
- Budgeted capex allocation for fiscal 2022 increased 26% over fiscal 2021 RE, to Rs 5.54 trillion. But including IEBR, capex is up only 5%

- Budgeted infrastructure allocation for nine core sectors increased 15% on-year over fiscal 2021RE

- Innovative modes to finance infrastructure build-out, such as a dedicated development finance institution, zero-coupon bonds by infrastructure debt funds, and debt financing of investment trusts and real estate investment trusts

- Setting up of National Monetisation Pipeline

Figure 4: Overall capex allocation



Note:
GBS: Gross budgetary support; IEBR – Internal and extra budgetary resources
Source: Budget documents, CRISIL Research

Capital outlay of different infrastructure segments

Of the total capital outlay provided in the budget estimates for fiscal 2022, the infrastructure segment occupies a share of 48.56%. In the infrastructure segment, majority of the capital outlay of 40.21% was allocated to the Ministry of Road transport and Highways with a value of Rs 1,082.3 billion followed by the Ministry of Railways with a share of 39.79% at Rs. 1,071 billion.

However, the capital outlay for telecommunications sector recorded the highest increase of 495% to a budgetary estimate of Rs 259.3 billion in fiscal 2022 from its revised estimates of Rs.43.59 billion in fiscal 2021. It is followed by the power sector that has seen an increase of 308% to Rs 15.64 billion in budgetary estimates of fiscal 2022 from a capital outlay of Rs 3.84 billion in revised estimate of fiscal 2021. Others sectors such as the Ministry of Housing and Urban Affairs, the Ministry of Water Resources, River Development and Ganga Rejuvenation and the Ministry of Ports, Shipping and Waterways have witnessed an increase of 150%, 133% and 8%, respectively.

On the other hand, sectors such as aviation, and renewable energy saw a decline in capital outlay of ~25% and ~94%, respectively, from fiscal 2021 (RE) to fiscal 2022 (BE).

Table 3: Ministry wise capital outlay

Capital outlay (In Rs. billion)	FY16	FY17	FY18	FY19	FY20	FY21RE	FY22BE	% on-year growth/ decline (FY22)
Ministry of Civil Aviation	33.61	27.09	18.37	39.76	0.21	0.54	0.41	-25%
Ministry of Housing and Urban Affairs	0.00	165.11	153.46	157.73	193.05	103.09	257.59	150%
Ministry of Water Resources, River Development and Ganga Rejuvenation	1.39	1.17	3.27	3.17	3.09	1.38	3.22	133%
Ministry of Power	12.76	38.16	19.41	20.43	16.15	3.84	15.65	308%
Ministry of Railways	350.08	452.32	434.18	528.38	678.42	1,083.98	1,071.00	-1%
Ministry of Road, Transport and Highways	275.33	411.93	507.52	676.46	683.74	920.53	1,082.30	18%
Ministry of Ports, Shipping and Waterways	2.18	3.30	1.82	1.54	2.59	1.70	1.83	8%
Department of Telecommunications	23.22	33.28	42.06	21.14	49.29	43.60	259.34	495%
Ministry of New and Renewable Energy	0.95	0.11	0.01	0.17	0.71	1.70	0.10	-94%
Total	**699.51**	**1,132.45**	**1,180.11**	**1,448.79**	**1,627.25**	**2,160.37**	**2,691.43**	

Source: CRISIL Research

2. Overview of construction sector in India

2.1. Overview of Industry Characteristics

Construction is an integral part for the Indian economy and major job provider in the country. The construction industry involves building civil structures across infrastructure and industrial sectors. Some of the key infrastructure verticals includes Building construction, roads and highways, Railways, Urban Infrastructure, Water supply & sanitation etc.

Construction industry is a major job creator

The construction industry accounts for 6% of India's gross domestic product (GDP) as of fiscal 2020. The industry also provides huge employment opportunity because of its constant requirement for skilled and unskilled laborers. Moreover, growth in construction is also positive for sectors such as steel and cement, which are key raw materials.

Low entry barriers keep industry fragmented

The construction industry is highly fragmented as low fixed capital requirement for construction contracts remove entry barriers. Capital expenditure is only required for procuring necessary equipment, unlike a manufacturing business, which requires plants and machinery for production.

Possibility of payment delays heightens working capital intensity

Construction projects are mainly funded and managed by the owner. Apart from the initial advance, contractors receive payments after each project milestone is completed. However, timely payments also depend on the owner's credit profile and the nature of the project. Most projects, especially infrastructure, have a gestation period of 2-3 years. Any delay in payment can push up receivables. Such a scenario makes the construction industry working capital intensive.

The average receivable days for our sample of 25 companies rose to ~143 days as of fiscal 2019 from ~96 days as of fiscal 2012. Over the years, delay in payments by government agencies and prolonged arbitration proceedings for dispute resolution has impacted working capital of small as well as large players. Debtor days have been rising, which has affected project execution and added to the debt pile.

Projects awarded to lowest bidders, but execution skills crucial too

Construction projects are awarded through a competitive bidding process as more domestic and international contractors have forayed into various infrastructure segments. The project is finally awarded to the lowest bidder (L1). However, besides bidding qualification, contractors also need to have strong project execution and technical skills to avoid cost and time overruns. To make these imperative, the authorities charge penalties on the contractors for delays in execution, based on the reasons for delays.

Input-related risks

Access to inputs is crucial for ensuring timely and cost-effective execution of projects. The major inputs for a construction project are labour, raw materials and land.

Labour**:** Construction work involves skilled and unskilled labour. Currently, construction players are struggling with wage increases, which can be attributed to labour shortages and rising inflation. Local job opportunities from government welfare schemes, growth in the overall rural economy and migration of labourers to Gulf countries for better prospects are some reasons that have led to a shortage of construction labourers. To solve the labour issue, cut wage cost and improve quality, construction companies are increasing mechanisation, particularly in highway projects.

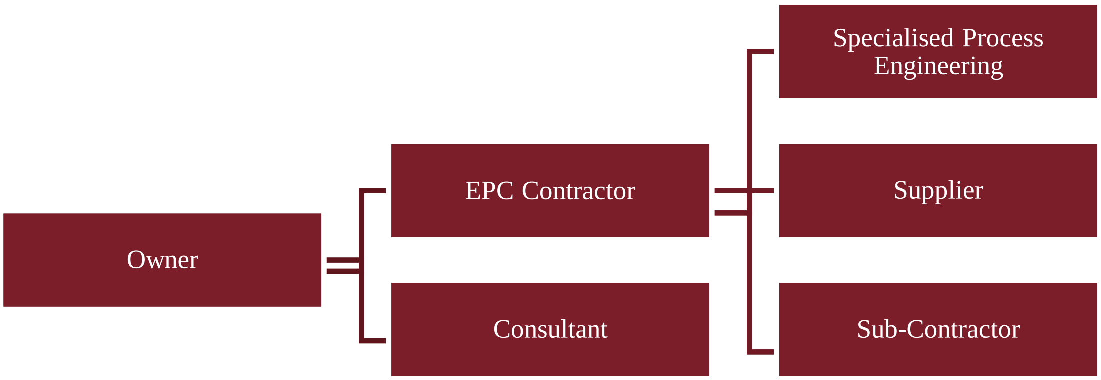
Raw material**:** The construction industry is raw material-intensive. Any change in prices of raw materials like steel, cement, bitumen, etc. impacts players' profitability. However, the impact is limited to the extent of the proportion of fixed price contracts in a company's order book. Some construction companies also own quarries so as to ensure constant raw material supply.

Land acquisition and government clearances**:** Land and the related government clearances are the other important inputs for construction work. Delays in these may increase the gestation period of projects, which can impact project profitability.

Entities in the contracting process and their roles

The entities involved in executing a construction project are project owner/sponsor/promoter, contractors and sub-contractors, consultants and suppliers (of equipment and raw materials).

Figure 5: Relationship between various entities in an EPC contract



Source: CRISIL Research

- **Owner**

An owner (public or private) executes the project. The owner seeks funds from financial institutions (banks or government bodies), awards the execution to contractors, and appoints consultants for design. While urban infrastructure projects are commissioned and managed by municipalities, the NHAI and road development corporations handle road projects. Private sector projects including BOT projects, are owned by the respective promoters.

Typically, the owner appoints consultants to conduct a feasibility study for the project. The project is then awarded through a competitive bidding process (open tendering system), where the lowest bidder bags the contract. The abundance of construction contractors with similar technical and service abilities provides several choices to owners. Owners therefore have a higher bargaining power. However, in the case of large and complex projects (power and ports), it is the contractors who retain the bargaining power.

- **Contractors**

A contractor is the core executor of a project - from design to completion - based on owner specifications. The qualification criteria for contractors include past experience in executing similar projects, technical expertise and financial strength. Contractors mobilise construction machinery, employ engineers and managers, skilled and unskilled workers and procure raw material supplies. Contractors receive payments from owners based on completion of each project milestone.

- **Consultants**

A consultant provides detailed project designs and conducts feasibility studies for a project before its implementation as well as during its execution. Consultants are highly specialised and are available for architecture, structural designs, soil investigation, preparing contract documents, financial analysis and viability studies. Some of the major public-sector consultants are RITES Ltd, Telecommunications Consultants India Ltd, Project and Development India Ltd, Engineers India Ltd and FACT Engineering and Design Organisation.

- **Suppliers**

Raw materials - Main raw materials used in construction projects (cement, steel, bricks/tiles, sand/aggregates,

fixtures/fittings, paints, bitumen and chemicals) are easily available in India. Therefore, the bargaining power of raw material suppliers is moderate.
Construction equipment - These broadly comprise earthmoving, lifting, paving and trucking equipment, which are imported. Contractors are, therefore, exposed to foreign exchange fluctuations and customs tariffs. The Indian construction equipment industry is concentrated with few large players (domestic and foreign). Hence, equipment suppliers have high bargaining power.

- **Work approaches**

In the case of large projects, players may adopt two critical approaches to secure and execute contracts - Joint ventures (JVs) and sub-contracting.

Joint ventures - These are contractual obligations between domestic and/or foreign contractors and are project-specific. Besides pre-qualifying for projects, JVs are formed to reduce risks in large projects and combine specialist skills. As initial costs on new projects are generally high, parties in a JV are able to share the burden as well as the resulting profits. Moreover, it gives the JV partners access to mutual resources, including specialized staff and technology. Foreign players enter into JVs with Indian players, who have a better idea about the business environment and the prevalent local conditions.

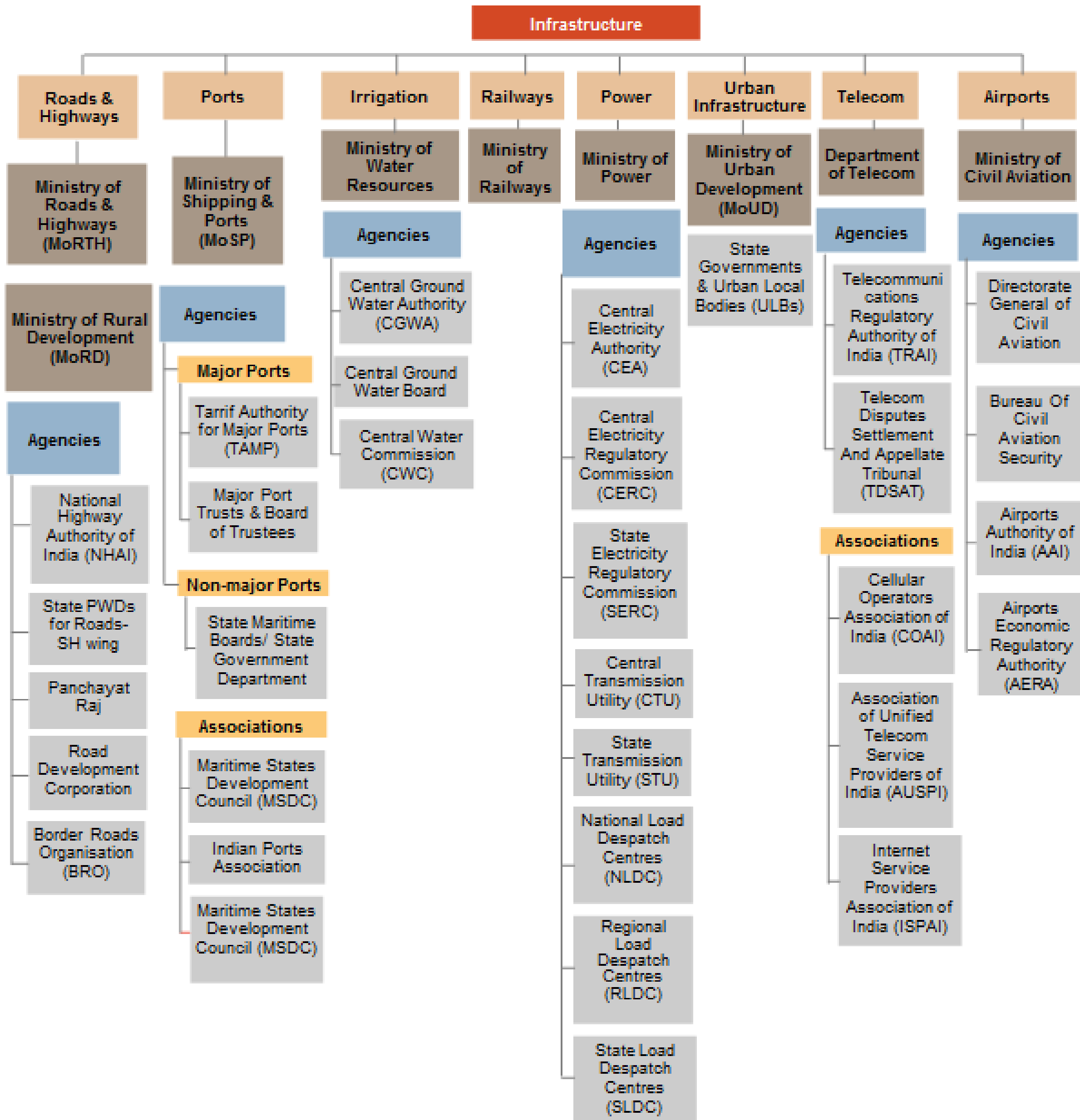
Sub-contracting - Sub-contracting is adopted by large as well as small contractors. In sub-contracting, smaller companies undertake tasks that are not undertaken by the principal contractor, or specialized tasks through a sub-contracting arrangement. However, the profit margin for sub-contractors is lower than those of contractors.

Sub-contracting arrangements are widespread in the construction industry due to the diversified nature of jobs and strong competencies in sub-segments and tasks. Sub-contracting arrangements also enable large construction companies to keep operations flexible, reduce overheads for the client (owner), while enabling the relatively smaller contractors to gain expertise and increase their turnover.

2.2. Overview of Institutional framework

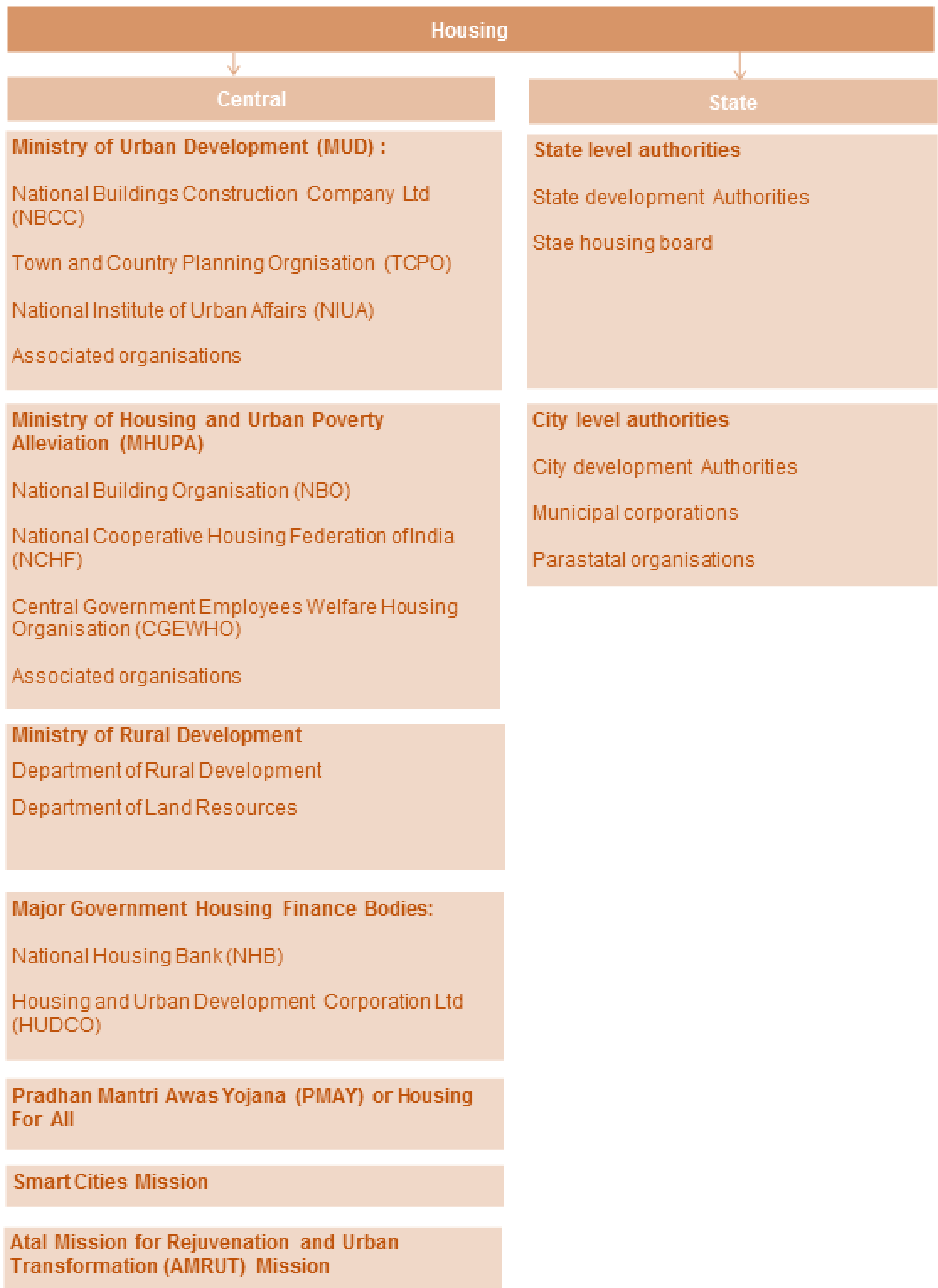
Each segment of the construction industry is regulated and implemented by different apex authorities: Roads by National Highways Authority of India, airports by Airports Authority of India, ports by Ministry of shipping & ports, urban infrastructure by Ministry of Urban Development etc.

Figure 6: Institutional framework for infrastructure - sector wise



Source: CRISIL Research

Figure 7: Institutional framework for Housing



Source: CRISIL Research

2.3. Overview of Types of contracts in Construction Industry

Construction contracts

Construction is a broad term, encompassing building of civil and industrial structures. The nature of construction contracts varies across different projects and sectors, depending upon the extent of work, capital requirement, risk involved and revenue generated. According to Accounting Standard (AS)-7, "A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

CRISIL Research has classified construction contracts, based on price risk borne and scope of work.

Types of construction contracts, based on price risk:

- Fixed price contracts: These contracts state the fixed fee or payment (per unit output or whole project) that the contractor receives on completion of a contract. The contractor bears the risk of rise in costs, during the construction period. Certain pass-through of higher costs may be allowed in some projects.

- Cost plus contracts: These are contracts in which the contractor is entitled to receive a fixed surplus over the project cost borne. The surplus given to the contractor can be in the form of a fixed percentage over cost or a pre-decided fee over cost. Therefore, any increase in cost of the project, during the construction phase, is passed onto the client.

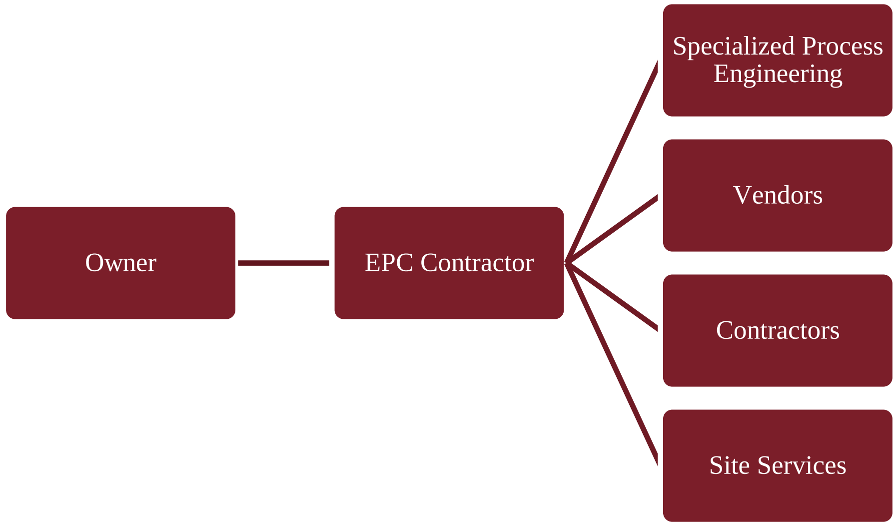
Types of contracts, based on scope of execution

- **Item rate contract -** These are fixed price contracts, where the concerned authority provides the detailed design and the estimated quantity of materials. A project is divided into several sub-activities, for which the item-wise quantity of input material to be used, is specified in a document called 'Bill of Quantities'. Bids are invited for the price of each construction activity, based on the items specified. As the aggregate of bid amounts form the total project cost, the lowest bidder wins the project. The Bill of Quantity document may state the quantity of items such as cement, girders, electric boards, wires, etc. to be used, against which the bids are invited.

- **Lump-sum turnkey contracts (LSTK) -** LSTK contracts are fixed price contracts in which the contractor fixes a lump-sum fee, based on the specific project requirements stated. The client states the project specifications with respect to designs, drawings, technical stipulations, quality of raw material, etc., based on which the contractor provides bids, stating a lump-sum fee for execution.

- **Engineering, procurement and construction (EPC) -** EPC contracts are fixed price contracts where the client provides conceptual information about the project. Technical parameters, based on desired output, are specified in the contract. The contractor undertakes the responsibility of designing the project, either through an in-house design team or by appointing consultants. Unlike item rate and LSTK contracts, the contractor is allowed to innovate on the design of the project. However, every contract has specifications which define performance standards that the completed project is required to meet within a specified time period. Based on these designs, the contractor draws up cost estimates and accordingly bids for the project.

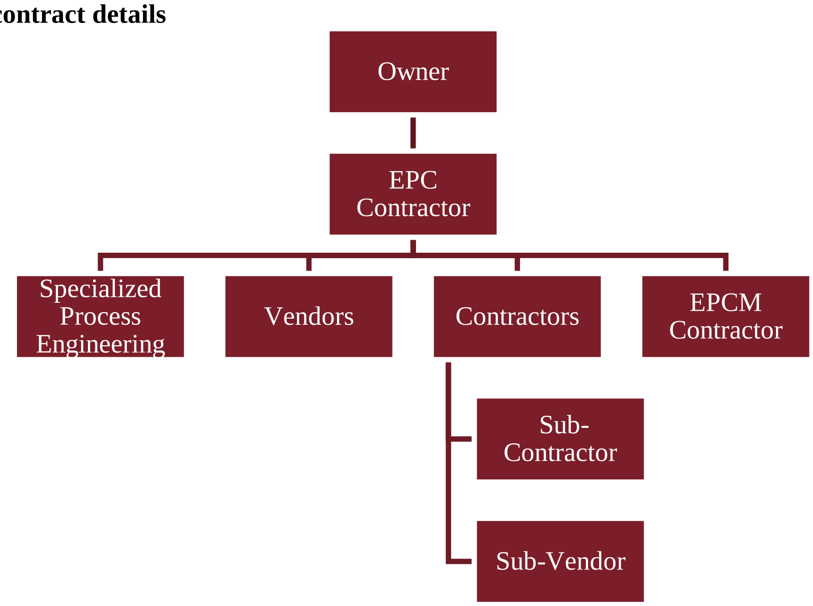
Figure 8: EPC contract details



Source: CRISIL Research

- **Engineering, procurement and construction management (EPCM) -** Under these contracts, the client appoints an EPCM contractor to provide project management services to the client, with respect to engineering, procurement and construction of the project. The EPCM contractor further recommends EPC contractors, who execute the project. Therefore, the client needs to enter into multiple contracts with equipment suppliers, raw material suppliers or other EPC contractors, based on advice of the EPCM contractor. Unlike the EPC contract, under EPCM contract the client is the deciding authority. The EPCM contractor manages the project and generally only commits to using its best efforts to meet the client specified schedule. The EPCM contractor does not provide performance guarantee.

Figure 9: EPC contract details



Source: CRISIL Research

- **Build-operate-transfer (BOT) -** These contracts are typically public-private partnership (PPP) agreements, whereby a government agency provides the private player rights to build, operate and maintain a facility on public land for a fixed period, after which assets are transferred back to the public authority. Funding for the project is arranged by the concessionaire, through a mix of equity and debt from banks and other financial institutions. The concessionaire charges a user fee from the users of the project/ facility. The concessionaire may either transfer the user fee collected to the authority or may retain the entire amount as revenue. BOT contracts are therefore classified as:

  - ✓ BOT annuity-based: Under this contract, the concessionaire is responsible for construction and maintenance of the project during the concession period. The concessionaire collects the user fee and transfers it to the public authority. Variability in the user fee gives rise to revenue risk, which is borne by the concessioning authority. However, the concessionaire generates revenue through fixed annuity payments received from the authority over the concession period. As this annuity payment is a cost to the authority, the contract is awarded to the lowest bidder. Toll charged under these contracts are, generally regulated by a policy or a public agency. For e.g. National Highways Authority of India (NHAI) regulates toll charged in road projects, while Tariff Authority for Major Ports (TAMP) regulates port charges.

  - ✓ BOT toll-based: Under this model as well, the concessionaire is responsible for construction and maintenance of the project, after which the ownership of the project is transferred to the public authority. However, the toll collected is retained by the concessionaire and not transferred to the authority. Therefore, the concessionaire bears the revenue risk during the concession period. Like in BOT annuity-based projects, toll charged under these contracts are generally regulated by a policy or a public agency. For e.g., NHAI toll policy regulates toll charged in road projects, while TAMP regulates port charges.

Variations of BOT contracts:

Build-own-operate-transfer (BOOT)

Under a simple BOT contract, revision of the user fee is decided by the government agency (client). Therefore, the operator does not have much incentive to further invest in the project after the construction is over. However, under the BOOT model, ownership of the project is transferred to the developer for the concession period. The transfer of ownership provides the developer flexibility to revise user fees when required and, therefore, maintain viability of the project. This encourages the developer to invest more capital in the project, if required, to enhance revenues.

This type of model is used in power projects where the developer is allowed to retain the ownership and operations of the project for the concession period, after which the project is transferred to the government. The BOOT model can also be implemented in port projects as the operator may need to expand capacity of the port, based on traffic requirements, which, in turn, would improve its revenue from port fees.

Build-transfer-lease-operate (BTLO)

Under this model, once the project construction is over, the developer is granted the lease to operate the project for a fixed lease payment to the authority. Lease payment terms are specified in the BTLO contract at the initiation and are generally in the form of annual payments. The developer operates and manages the project during the lease period and earns returns via user fees, which may be shared with the public authority, based on terms of the contract. This approach is common in highway and airport projects, where the structure is leased back to the developer for a stipulated time period.

Build-operate-own (BOO)

BOO contracts have also taken root in India to attract private sector investments towards development of projects in sectors such as water and waste water, transportation engineering and power transmission. BOO contracts are similar to BOT/BOOT contracts, except that the asset remains with the bidder for an indefinite period, rather than being transferred back to the client at a pre-defined date.

Hybrid annuity model (HAM)

Hybrid annuity model is a mix of EPC and BOT models. Under this model the concessionaire receives 40% of the project cost from the authority during the construction period. The concessionaire is responsible for designing, building, financing (60% of the total project cost), operating and transferring the project. The government funds the project in five equal installments during the construction period. Under this model toll is collected by the authority. The amount financed by the concessionaire is to be recovered from the authority through annuity payments. The bidding parameter for a hybrid annuity model is the lifecycle cost, which is the sum of net present value (NPV) of project cost and NPV of the operations and maintenance (O&M) cost for the entire O&M period.

2.4. Overview of government initiatives for construction sector

Roads

Pradhan Mantri Gram Sadak Yojana (PMGSY)

PMGSY, launched in 2000, aims to build all-weather roads and upgrade existing ones in rural areas with population above 500 and in hilly areas with population over 250 persons. The programme is implemented only through cash contracts. It is a 100% centrally-sponsored scheme, which is funded through budgetary allocations, the Central Road Fund, market committee fees, and loans from the National Bank for Agriculture and Rural Development, World Bank and Asian Development Bank.

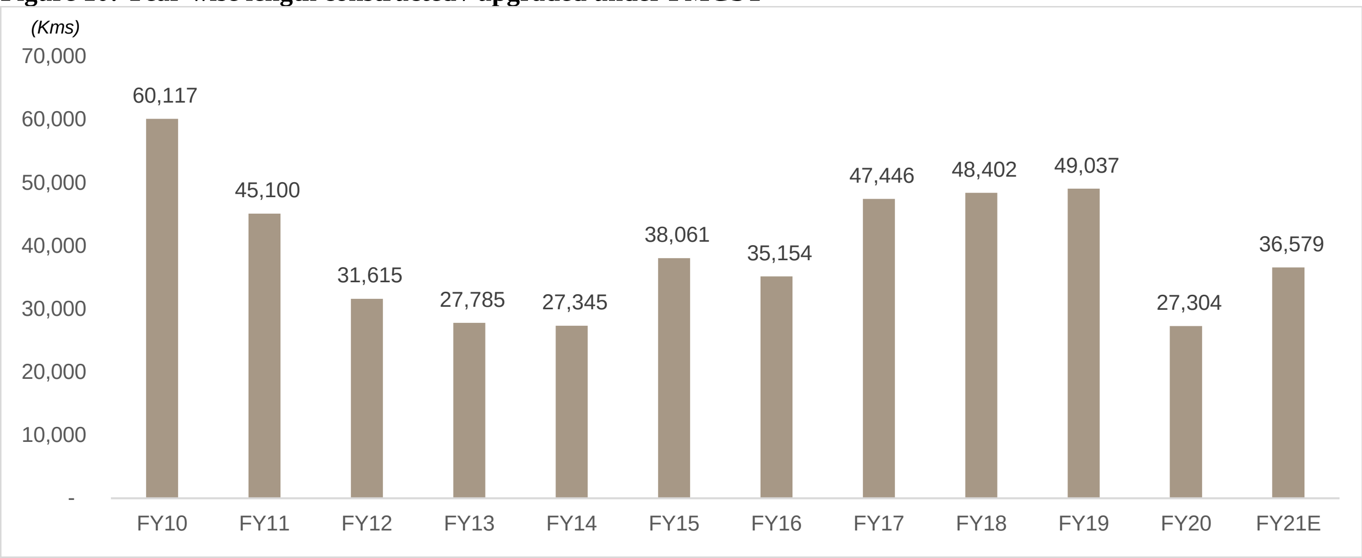
The Pradhan Mantri Gram Sadak Yojana (PMGSY) phase 1 was launched in 2000. Under the scheme, the Centre recognised 178,184 habitations as requiring all-weather roads, of which 97% of the eligible and feasible habitations have been connected as of November, 2019.

Further, the Government launched a new intervention in the scheme namely PMGSY-II in the year 2013-14 for consolidation of total 50,000 km existing Rural Road Network to improve its overall efficiency as a provider of transportation services for people, goods and services. 41,434 kms of rural roads are sanctioned under PMGSY-II as of date, of which, 75% have been completed
Under the PMGSY-III scheme, announced in the Union Budget 2019-20, it is proposed to consolidate 125,000 km road length in states over the next five years. The scheme will also include 'through routes' and 'major rural links' that connect habitations to Gramin Agricultural Markets (GrAMs), higher secondary schools and hospitals. As of May 2020, more than 585,235 km of roads have been constructed.

To support this ambitious goal, the government substantially increased allocation to the scheme in fiscals 2016 - 2018. Investments in fiscal 2019 are up 35% to Rs. 234 billion as compares to Rs. 173 billion for fiscal 2018, on account of an uptick in length being constructed as well as higher cost per km. However, the actual expenditure has been lower than budgeted numbers. Nearly 75% of the funding is to be met through cess funds and the rest through external borrowing. Investments in fiscal 2020 were down by 7% on-year. Given lower construction targets under PMGSY III, the rural road construction was already on a decline in fiscal 2020.

At the same time, the share of central and state spending was altered to 60:40 from 70:30 for most of the states (the ratio remains 90:10 for eight north-eastern and three Himalayan states). Hence, the ability of the states to provide funds in proportion to the Centre's contribution is critical to meeting the envisaged target. PMGSY-I, 97% of target achieved. PMGSY-II 75% target achieved. PMGSY III target kms lower by 40% as compared to roads constructed over the last 5 fiscals.

Figure 10: Year-wise length constructed / upgraded under PMGSY



Source: Ministry of Rural Development, CRISIL Research

National Highways Development Programme (NHDP)

NHDP encompasses the construction of national highways and upgradation and widening of existing ones. NHDP projects are primarily awarded to public sector or private players by the National Highways Authority of India (NHAI). Implementation is done in coordination with the public works department of various states and the Border Roads Organization.

Projects are awarded to private players either on an EPC (cash) contract or on a build-operate-transfer basis, and now on the newly introduced hybrid annuity model. Cash contracts are mainly financed through budgetary allocations from the Central Road Fund, negative grants/premium received, and toll revenue. Loans and grants are also received from the World Bank and the Asian Development Bank. This programme is being implemented in seven phases.

Figure 11: Projects under NHDP

NHDP Phases

- **Phase I**
  - Four laning of 5,846 kms of highways along Delhi-Kolkata-Chennai-Mumbai corridor
  - Connecting 10 major ports through four laned highways covering 380 kms and other miscellanoeus roads covering 1,754 km
- **Phase II**
  - Constructing 7,142 kms of four laned Highways along: 1) North-South (Srinagar-Kanyakumari) corridor 2) East-West (Silichar-Porbandar) corridor
- **Phase III**
  - Four laning of 12,109 kms of high density national highways
  - Connecting state capitals and other important economic and tourist places
- **Phase IV**
  - Two/Four laning of 20,000 kms of low density streches. Out of which, 14,799 km is assigned to NHAI and the remaining to MORTH
- **Phase V**
  - Six laning of 6,500 kms of stretches under Golden Quadrilateral and, 800 kms under other high density stretches
- **Phase VI**
  - Constructing 1,000 kms of four/six lane expressways between closely loacted urban areas
- **Phase VII**
  - Constructing other 700 kms of highway projects like construction of ring roads, grade seprators, bypasses and service roads

Source: National Highways Authority of India (NHAI), CRISIL Research

Table 4: NHDP status till May 30, 2019

	SCHEME	NHDP-I	NHDP-II	NHDP-III	NHDP-IV	NHDP-V	NHDP-VI	NHDP-VII	SARDP-NE	BRT	NH(O)	Total
	Total length (Km)	**6602.26**	**12526.4**	**11889.5**	**13676.6**	**5539.8**	**893.7**	**646.1**	**110.6**	**3359.1**	**2572.3**	**57816**
	Length completed (Km)	0	911.83	3273.95	4503.17	1989.97	8.72	24.65	61.46	0.00	5.99	10780
	Achievement in last month	0	1.66	0.53	1.97	0.00	0.00	0.00	0.00	0.00	0.00	4.16
Under Implementation	length (Km)	70.5	1572.96	5833.95	9087.77	3421.87	81.72	409.39	61.80	40.00	343.94	20924
	No. of Projects	1	58	79	113	38	4	15	1	1	8	318
LOA issued	Length (Km)	Na	Na	Na	Na	Na	Na	Na	Na	Na	Na	Na
	No. of Projects	Na	Na	Na	Na	Na	Na	Na	Na	Na	Na	Na
Balance of award (Km)	Length (Km)	30	1802.65	1251.14	2039.03	769.22	551.00	236.75	Na	3319.1	2097.39	12096
	No. of Projects	1	33	24	38	10	5	4	0	20	33	168
Expenditure (Rs. billion)	During Current FY	0	1592.2	6192.3	16363.0	3495.8	1106.0	279.0	60.0	0.0	0.0	29088
	Till date	0	14805.2	33433.8	21306.9	24514.1	0.0	130.1	824.0	0.0	0.0	95014

Note: NHDP - II include NSEW -II, Port connectivity and others, latest available data as on 30th May 2019, N.A. - not available Source: NHAI, MoRTH, CRISIL Research

Irrigation and water management

National Rural Drinking Water Programme (NRDWP)

NRDWP was launched by the Government of India to give impetus to the provision of basic infrastructure in rural areas. The programme aims to provide a stable source of drinking water to habitations that lack drinking water or where water available is non-potable. At the central level, about 30% of the funds are earmarked for increasing coverage, 20% for tackling water quality issues, 10% for operations and maintenance, 20% for sustainability, 10% for the Desert Development Programme, 5% for mitigating drinking water problems in the wake of a natural calamity and the remaining 5% for providing access to potable drinking water.

Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)

Aiming to converge irrigation investment at the field level to maximise its impact, the government initiated PMKSY in fiscal 2016, with a spending target of Rs 500 billion until 2020. It was approved by the Cabinet Committee on Economic Affairs on July 1, 2015.

Key schemes converged include Accelerated Irrigation Benefit Programme (AIBP), Integrated Water Shed Management Programme (IWSMP), On Farm Water Management (OFWM or Har Khet ko Pani), and Per Drop More Crop, of which micro-irrigation is a component. Micro-irrigation promotes efficient water conveyance and precision water application devices, such as drips, sprinklers, pivots, and rain-guns. The target is to enhance the area under cultivation to 8 million hectares by 2020.

AIBP and OFWM fall under the Ministry of Water Resources, Per Drop More Crop is under the Department of Agriculture, Cooperation and Farmer's Welfare, and IWSMP is overseen by the Department of Land Resources. In 2016-17, government had allocated Rs. 57.7 billion for PMKSY, which were revised to Rs. 51.9 billion.

Accelerated Irrigation Benefit Programme (AIBP)

AIBP was started in 1996 by the Central Government to provide financial assistance to states for completing ongoing irrigation projects. The Centre bears 25-90% of the project cost, depending upon the special or non-special category of the state. Major, medium, minor and extension, renovation and modernization projects are eligible for central assistance under this programme.
From July 1, 2015-16, AIBP became a part of PMKSY and the government had expensed Rs 10 billion in fiscal 2017 for continuation of the programme. No allocation was made post fiscal 2017 under this scheme.

Command Area Development and Water Management (CADWM)

This scheme was launched in 1975 to improve utilization of the created irrigation potential and boost agriculture production through an area development authority. The programme was being run as a centrally-sponsored scheme till 2007-08, but is now being implemented by the respective states, with the Centre bearing 75% of the project expense. From 2008-09, the scheme is being implemented pari passu with AIBP during the Twelfth Five-Year Plan, with the Centre and state bearing 50-50% of the project expense. Majority of the projects under CADWM pertain to work on field channels, field drains, land leveling, etc. A total outlay of Rs 150 billion has been approved for the CADWM programme in the Twelfth Five-Year Plan to cover about 7.6 million hectares.

Urban Infrastructure

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

In May 2015, the government approved the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) to replace the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), to focus on basic infrastructure services such as water supply, sewerage, storm water drains, transport and development of green spaces and parks.

The government allocated Rs 500 billion for five years (2015-16 to 2019-20) under this scheme, higher than the Rs 360 billion spent under JNNURM over the last five years. The Centre will assist states based on project cost incurred and population of cities and towns. The financial aid will be released in three installments in 20:40:40 ratio, based on achievement of milestones indicated in state annual action plans.

The scheme will also cover JNNURM projects sanctioned between 2005 and 2012 and those that have achieved 50% physical progress (102 projects) or have availed of 50% central government funding until now (296 projects).

Smart Cities Mission

In June 2015, the Ministry of Urban Development laid down operational guidelines for formulation, approval and execution of projects under the Smart Cities Mission. The purpose of the mission is to drive economic growth and improve the quality of life by enabling local area development and harnessing technology.

The core infrastructure elements in a smart city would include adequate water supply, assured electricity, sanitation, efficient public transport, affordable housing, robust IT connectivity and digitisation, etc.

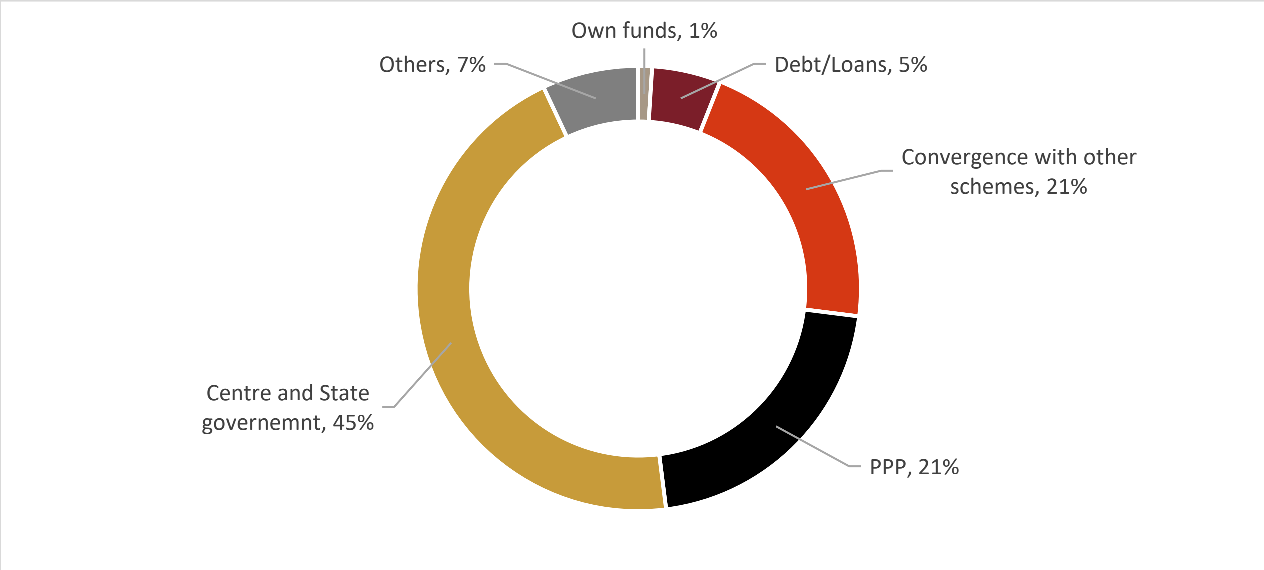
The mission will cover 100 cities (distributed among sates and UTs) over 2015-16 to 2019-20. Central assistance for the mission will be used only for infrastructure projects that have wide public benefit.

The Smart Cities Mission will be operated as a centrally-sponsored scheme, and the proposed financial support to the mission is Rs 480 billion over five years (average Rs 1 billion per city per year). An equal amount will be contributed by the states. Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab and Tamil Nadu have successfully set up financial intermediaries. A number of schemes in the mission are expected to be taken up on public-private partnership basis.

Special purpose vehicles (SPVs) will be set up for the implementation of smart city plans, with 50:50 equity from states and urban local bodies. Further, 500 acres is the minimum area norm for retrofitting; 50 acres for redevelopment and 250 acres for greenfield projects. For north-eastern and Himalayan states, the criteria will be 50% of the mentioned norms. About 10% of the energy needs of smart cities are to be met from renewable sources. The mission also mandates 80% of buildings to be energy-efficient and green buildings and 35% of housing in greenfield projects to be reserved for economically weaker sections.

Overall, 99 Smart cities to have an estimated investment of Rs 2.04 trillion under the mission.

Figure 12: Financial Landscape of Smart cities mission



Source: Ministry of Housing & Urban Affairs, CRISIL Research

Table 5: Details of cities & projects under Smart cities mission

No. of Cities Selected	Period of Selection	No. of Projects	No. of Projects
20	Jan-16	829	481
40	Sep-16	1809	837
30	Jun-17	1890	574
9	Jan-18	262	128

Source: Ministry of Housing & Urban Affairs, CRISIL Research

Key risk factors for construction industry

Playing a major role in the economic growth of a nation, the construction industry occupies a pivotal position in the nation's development plans. It is the second largest contributor to the gross domestic product after the agricultural sector. Viewed as a service industry, construction generates substantial employment and provides growth impetus to other manufacturing sectors such as cement, bitumen, iron and steel, chemicals, bricks, paints, and tiles, among others. However, the players operating in the sector face following key risks:

Time contingency

Cost saving and time performance are usually essential to all parties - owner, contractor, and subcontractor – involved in a construction project. The project may get stalled on account of numerous reasons such as unavailability of land, lack of funds, and proper clearances not in place. Depending on the risk allotment, the burden of increased costs could fall on either the owner or the contractor.

Price risk

Capital investments, especially in the industrial segment, depend on the successful offtake of the planned product in the increased capacity. However, that depends largely on the owner's product-pricing ability. Investments in commodity segments depend on the international commodity prices. For past two years, the prices of oil in the international market have remained subdued. Thus, investments in oil exploration, which used to form a major chunk of investments in the oil and gas sector, have fallen.

Risks involved in dealing with governmental entities

Many of the segments in construction, especially in the infrastructure side, have various government authorities as the counter-party. These could be central or state government authorities or special purpose vehicles floated by the governments to cater to some particular needs. Thus, for sectors such as irrigation, where most of the payments come from the state governments, the players have to face elongated working capital cycles on account of delays in payments. Or a difference of opinion between the central and state governments, may hold up required clearances, thus stalling the project.

Political risk

This risk relates to matters such as increased taxes and royalties, revocations or changes to the concession, exchange controls on proceeds, forced government participation in shares, and refusal of import licenses for essential equipment. On account of political instability surrounding the separation of Andhra Pradesh and Telangana, contractors were affected as there were delays in payments and the investments from the state governments floundered.

Input related risk

- ✓ Land is one of the most important inputs for the infrastructure segment. There are various stages involved in land acquisition and the overall process is time consuming. Thus, the status of land acquisition during awarding of the project and within a time period after the project has been awarded is crucial as a small portion of unacquired land could render investment in the remaining part of the project futile.

- ✓ The cost of input materials such as bitumen depends upon the international oil market. As bitumen is a major raw material, any change in oil prices affects the overall project cost. The international scenario for other commodities such as steel and cement also affect the industry.

- ✓ There is also a risk of cost escalation or raw material shortage. This risk is company-specific depending upon the company's procurement policies, especially in some states where sand availability is an issue, leading to import of sand from other states.

- ✓ Funding for public-private partnership projects awarded under built-operate-transfer-toll and hybrid annuity models (HAM) in roads and built-operate-transfer model in airports is a risk. Depending upon the competitiveness of the bid, the policy scenario in the respective sectors and the scenario of the banking sector, the availability of funding could be limited to players or projects. There have been instances where HAM projects had to be terminated because of the inability of the winning party to tie up funds.

2.5. Impact of Covid-19 second wave on construction sector

Covid-19 have caused disruptions across the globe and have impacted the global healthcare systems as well as the economies. In India after the peak of first wave in September 2020, impacted the business across the country and caused significant economic downside. Business were opened up and economic activities were resumed in the second half of the fiscal 2021. However In May 2021, India were struck with second covid wave which was more severe than the first wave. Second wave caused significant health emergency across the country and caused disruptions to some extent.

The outbreak of Covid-19 its financial fallout will impact construction spending across construction sub-sectors

In the First wave of covid-19, the subsequent lockdown and its financial fallout is expected to impact construction spending across construction sub-sectors in fiscal 2021. All sub-sectors are expected to be impacted with building & construction and industrial sectors expected to be the most impacted. It is expected that there will be drop in construction investments for FY21 returning to FY17 levels with recovery seen in FY22 primarily due to deferral of planned capex for FY21 to FY22 and a health growth in infrastructure led by a push from higher budget allocations by both the centre and the state governments. The decline in fiscal 2021 can be attributed to i) Covid-19 enforced lockdown impacting construction activities ii) Migration of labour leading to loss of construction days iii) Limited fiscal room for public spends as a result of strained fiscal position of centre and state governments led to reduced revenue collections and increased spending on health and social needs due to Covid-19 pandemic iv) 6-9 months extension granted by RERA for building completions v) Plunging capacity utilisations across Industrial segments leading to deferral of planned capex in FY21.

The recovery in capex for fiscal 2022 can be attributable to deferred investments across sectors, especially building and construction which is projected to record an optical recovery of 70-90%, healthy growth in infrastructure led by a push from centre and state budgets.

The second Covid-19 wave is expected to have lesser impact on Construction sector as compared to first wave

In the Second Covid wave the construction industry has managed the response better than the first covid wave. In first covid wave the major focus was the inconvenience caused to the migrant workers. In view of this many of the major construction companies have given primary attention to setting up labour accommodation and infrastructure support, to take care of the workers, by providing food, shelter and healthcare.

In the view of second covid-19 wave construction activities have been allowed to continue with certain conditions in at least some states across the country unlike the first wave where there was a complete shutdown of construction activities.
Prior to the second wave of Covid-19, the construction sector had started witnessing strong recovery and pace of execution. The recovery was driven by healthy pace of execution, supported by favorable policies from the Government in terms of lowering the Bank Guarantee requirement, faster clearance of bills, and speedier clearances/approvals.

On the operations and execution front, the second wave of Covid-19 however is expected to cause some disruptions in the overall construction activity in the country. Although the performance of most of the mid and large sized organizations is not expected to be largely impacted in the second wave. Most of the projects which are carried out in remote locations (Roads, highways etc.) which are away from the metro cities are least likely to be impacted. Also, unlike the first wave, there is no nationwide complete lockdown and only localized lockdown with exemption for construction activities in some of the sates across countries. Projects which are located within the urban/metro areas such as metro rail projects, building construction etc. are likely to feel a greater impact due to localized restrictions and reverse migration of labors to their hometowns.

The second wave of the pandemic, slowdown in project execution, and labour migration are expected to curb the performance of these companies in the first quarter of this fiscal sequentially. The slowdown, however, will be less severe on-year because activities had ground to a halt amid a nation-wide lockdown in the first quarter of last fiscal. Mobility curbs in high-infection states and vaccination for all adults could help contain the pandemic's spread over the next 2-3 months. Consequently, economic activities should rebound to near-normal from the second quarter.

Going ahead, strong order books and better operational preparedness in the second year of the Covid-19 pandemic will help the construction players perform better in the fiscal 2022.

3. Building Construction sector

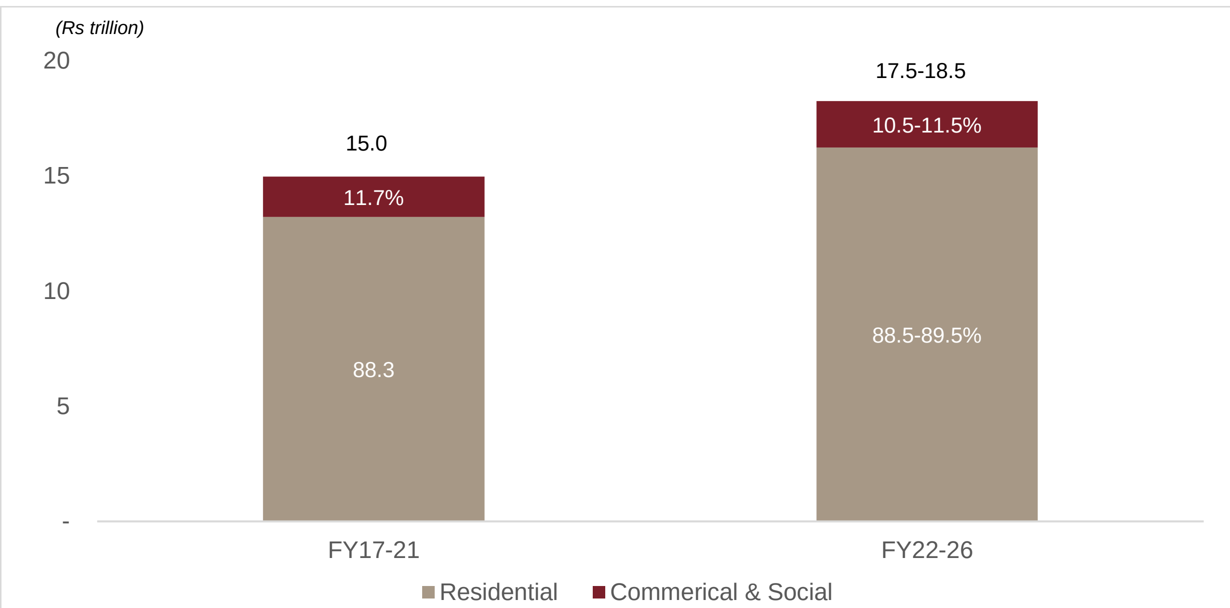
Deferred completions from fiscal 2021 to lead recovery in Building Construction in fiscal 2022

The real estate industry has been in focus with various developments such as demonetization, enactment of the Real Estate (Regulation and Development) Act (RERA), 2016, and implementation of the Goods and Services Tax (GST). The Covid-19 pandemic will further significantly impact the sector. Shortage of manpower in H1FY21 due to migration of labour, negligible construction activity in April & May 2020, cratering of buyer demand due to Covid-19 affecting financial profile of buyers, expected tightening of loan disbursements, stretched financial conditions of developers due to depressed sales, 6-9 month RERA extension granted by the authority deferring projects will all impact an already slowing sector which registered a -0.3% CAGR growth over the five year period from FY16-20. Investments in fiscal 2021 are estimated to have declined by 40-50% due to the aforementioned factors.

A 70-90% recovery on a low base is projected for Fiscal 2022 primarily led by deferred capex from fiscal 2021 and affordable housing, returning the sector to pre-Covid levels of fiscal 2020.

Over the medium term, between fiscals 2022 and 2026, investments are seen at Rs 17.5-18.5 trillion compared to ~ Rs 15 trillion over fiscals 2017 and 2021 as the sector slowly recovers from the multiple shocks.

Figure 13: Review and outlook on investments in Building and Construction segment



E: Estimated, P: Projected
Source: CRISIL Research

Affordable housing expected to be the sole shining light in residential demand

The residential real estate segment saw two policy changes -- RERA and GST -- which had a direct impact on the sector's supply-demand dynamics. Consequently, new launches dropped sharply, with developers focusing on completing ongoing projects. The sector had been battling with weak demand for the past couple of years, and one of the key reasons was unaffordability, as developers focused on middle and premium income-category projects.

However, government initiatives have prompted developers to explore affordable housing as a new area. Going ahead, about half of the incremental supply being added in urban stock is expected to be via affordable housing. Additionally, the formalisation of the industry is likely to bring in more transparency, leading to an increase in consumer demand. During fiscals 2020 to 2026, we expect overall residential construction spends to increase at 3% compound annual growth rate (CAGR) in value terms primarily driven by PMAY scheme which is due completion in 2022.

Table 6: Pradhan Mantri Awas Yojana status (Urban)

PMAY Urban (No. of houses)	As on Feb'20	As on Feb'21
Houses sanctioned	9,320,000	11,087,000
Houses Completed	3,021,600	4,355,000
Houses constructed during the year (FY)	1,310,621	984,000

Note: Unit in Nos
Source: Ministry of Housing & Urban Affairs, CRISIL Research

Table 7: Pradhan Mantri Awas Yojana status (Gramin)

PMAY Gramin (No. of houses)	As of Feb'21
Houses targeted by states	21,302,930
Houses sanctioned	19,105,615
Houses completed	13,264,703
% target achieved	66%

Note: Unit in Nos
Source: Ministry of Housing & Urban Affairs, CRISIL Research

Hybrid work models, increased adoption of work from home and digitalisation to impact commercial real estate growth; supply overhang to limit retail spaces supply

Investments in commercial real estate is expected to grow by 3% over fiscal 2020 to fiscal 2026 compared to 6% over the 5-year period from fiscal 2016 to 2020. While the banking, financial services and insurance (BFSI) sector continues to witness a few office deals, slowdown in the IT/ITeS sector is likely to restrict overall absorption of commercial real estate. Commercial lease rentals across cities are also expected to remain flat. However, in prime micro markets, where the supply is limited and vacancy level is low, we expect an increase in lease rentals.

Pivoting towards hybrid work models, increased acceptance of work from home and digital means of communication such as video conferencing is expected to see a muted growth in commercial area uptake. Announcements by various companies about seeing 30-50% of their staff moving to a permanent work from home arrangement by 2026 will further suppress commercial space uptake.

In the retail space, owing to already available supply and vacancy levels, very limited supply is likely in the short term. Lease rentals have also been impacted owing to the prevailing market conditions.

Education segment to see investments to the tune of Rs 0.9 trillion over the next five years

Investment in India's educational services is expected to reduce by 0.2% CAGR between fiscals 2020 and 2026. CRISIL Research expects Rs 0.9-1.0 trillion construction investments, excluding land cost, to be ploughed into the sector during the period. This investment forecast is based on the number of institutions that are likely to be set up over the next five years, and the average capital required for setting up the same.

Healthcare segment to see investments to the tune of Rs 0.4 trillion over the next five years

CRISIL Research estimates India has 12 hospital beds per 10,000 people. This calculation has taken into account both government and private beds. This is lower than the bed density of other developing countries such as Vietnam and Malaysia, where the corresponding figure as per a World Health Organization report is 26 and 19, respectively. In India, the total number of government beds is estimated to be 0.7 million, with the highest government bed density per 10,000 people in Sikkim (24 beds), Arunachal Pradesh (18 beds), Himachal Pradesh (17 beds), and Delhi (12 beds).

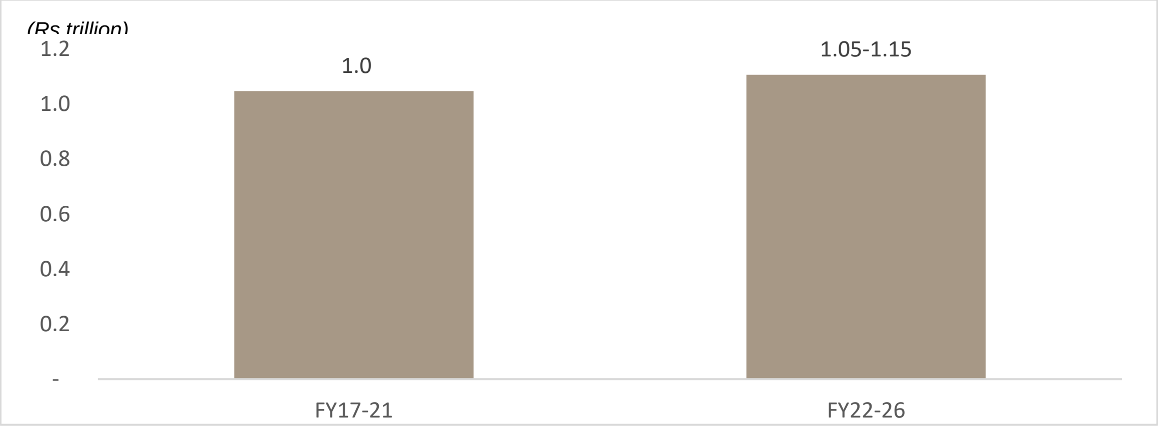
Various factors such as changing demographics, increasing life expectancy, rising income levels, lifestyle-related non-communicable diseases, greater awareness about health issues, growth in insurance coverage, and medical tourism will be the key demand drivers for healthcare delivery services in India in the years to come. The Covid-19 pandemic outbreak has further highlighted the shortage of healthcare infrastructure in the country. Expected increased allocation by state governments and from private entities is likely to boost construction spend over next five years from fiscal 2022 to 2026 to Rs. 0.35-0.45 trillion compared to Rs. 0.3 trillion over the past 5 years from fiscal 2017 to 2021.

Investment in industrial segment to rise 18-22% in fiscal 2022

Construction spends across Industrial investments in fiscal 2022 are seen rising 18-22% led by deferred capex from fiscal 2021. Investments in fiscal 2021 are estimated to have recorded a 30-35% on-year drop attributable to the pandemic. The depressed utilisations and stretched financials of players led to deferral of planned capex for FY 21 to FY22 and beyond as companies looked to conserve cash in uncertain times. Players such as Maruti Suzuki, CEAT, Hero Moto Corp, Lumax Auto, Brakes India, Ultratech cement, ACC, JSW Steel and Tata Steel had announced capex cuts ranging from 25% to 70% of planned capex for FY21. However, the capex cuts announced earlier post imposition of lockdown are being revised upwards with faster than expected recovery in the economy.

Based on an analysis of eight key sectors, CRISIL Research estimates construction investment in the industrial segment at Rs 2.3 trillion between fiscals 2022 and 2026 marginally higher that the spends during fiscals 2017 to 2021.
The oil and gas sector is estimated to provide ~Rs 1.1 trillion in construction opportunities (upstream and downstream) over the 5-year period, thereby comprising ~50-55% of total industrial construction expenditure. Investments in the sector will be driven by refinery expansions at HPCL's Barmer, Vizag, IOCL Barauni, Numaligarh, capacity expansion plans announced by RIL and increasing investments towards retail outlets.

Figure 14: Review and outlook on construction spending in Oil & Gas sector



E: Estimated, P: Projected
Source: CRISIL Research

Investments in other sectors

Automobiles: Investments in the automobiles sector are expected to be flat over the next 5 years from the previous 5-year level at around Rs 350-400 billion. In the near term, this can be attributed to slowdown in the auto industry, slowdown in the economy and now Covid-19 further impacting the sentiment in the market and economy. Many OEMs have deferred their FY21 expansion and capex plans on account of existing weak capacity utilisation and the Covid-19 pandemic impacting buying sentiment and company financials. For auto component manufacturers, investments are expected to be low as most of the capex required to comply with the upcoming BS-VI regulations in fiscal 2021 has already been done by the players. Capex revival led by deferred capex is seen from fiscal 2022 along with rising automobile sales. Upgradation of technologies and introduction of corporate average fuel efficiency norms and shift towards ACES - Autonomous, Connected, Electric, Shared architecture would see investments in the automobile space. The PLI scheme for Automobile and components has been announced but the major details on finer contours are awaited and CRISIL would update their numbers post release of the scheme details.

Metals: We expect construction investment in metals to rise to ~Rs 426 billion over the next 5 years, against Rs 331 billion over the previous 5 years. The upcoming investments are expected to be in the brownfield expansions. Larger players have been undertaking inorganic growth because of stressed assets in the sector. Anticipating strong demand growth, India's steel industry had added ~32 million tonne (MT) of incremental capacity in the past 5 years. However, many big-ticket projects got delayed because of constant conflicts and litigations over land ownership and compensation, thereby saddling steel players with heavy interest burden. We expect 20-24 MT of capacity addition in the medium term, primarily through the brownfield route. Investment is expected to grow in the aluminium segment, led by capacity expansion plans of Nalco as the export and domestic demand continue to rise.

Petrochemicals: Construction spending in the petrochemicals industry is expected to fall slightly to Rs 30 billion in the next 5 years, as against Rs 37 billion in the previous 5 years. CRISIL Research expects domestic petrochemical capacity to expand at a CAGR of 4-5%, lagging the 8-9% CAGR in demand. The scope for polymer capacity addition is constrained by the availability of feedstock olefins, because of insufficient cracker capacity. Cracker capacity addition has challenges, such as high capital cost and cost competitiveness from natural gas-based capacities in the Middle East and coal-based capacities in China.

Fertilisers: Construction investment in fertilisers is expected to double in the next 5 years to Rs ~1.5 billion, from Rs ~79 billion in the past 5 years. The government's focus on reducing import of urea and becoming self-sufficient to cater to domestic demand for urea is expected to drive investments. The government has been trying to revive sick urea units at Sindri, Gorakhpur, and Barauni. It has also been incentivising private players to enhance domestic capacity. CRISIL Research estimates that nearly five natural gas-based urea plants are likely to be commissioned over the next 4-5 years. The overall domestic capacity is forecast to increase by 6 MT by fiscal 2024.

Cement: We expect construction spending in the cement sector to increase to Rs 151 billion in the next 5 years from Rs 114 billion in the previous 5 years. The pace of capacity addition slowed slightly in fiscals 2019 and 2020 at 22 MTPA compared with 14 MTPA in fiscal 2018 and 24 MTPA in fiscal 2017. Over the next 5 years, nearly 95-105 MT of capacities are expected to come on-stream. Increased government spending on Pradhan Mantri Awas Yojana will provide impetus to the housing segment, which has been fairly subdued over the past few years. Further, the grant of infrastructure status to affordable housing will facilitate easier access to low-cost finance. Investments are also expected to increase considerably in other infra segments such as roads, railway, irrigation, and urban infrastructure. This is expected to boost cement demand.

Table 8: Construction spends in industrial segment across key sectors

	Construction spends (FY17-21) (Rs billion)	Expected construction spends (FY22-26) (Rs billion)	Increase/ Decrease (in times)

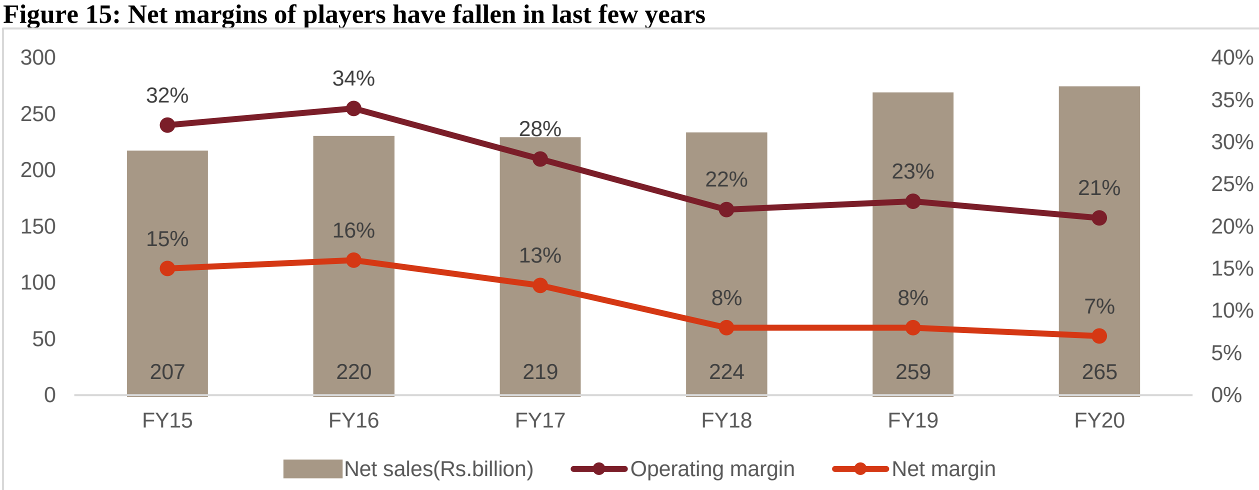
Automobiles	336.9	375.1	1.1
Metals	330.5	426.2	1.3
Textiles	34.9	19.3	0.6
Paper	30.2	15.0	0.5
Fertilisers	79.2	150.7	1.9
Petrochemicals	37.3	30.0	0.8
Oil & Gas	1,046.7	1,105.8	1.1
Cement	114.0	151.4	1.3

Source: CRISIL Research

Financials of developers estimated to further weaken in FY21 due to Covid-19 pandemic; improvement seen in FY22

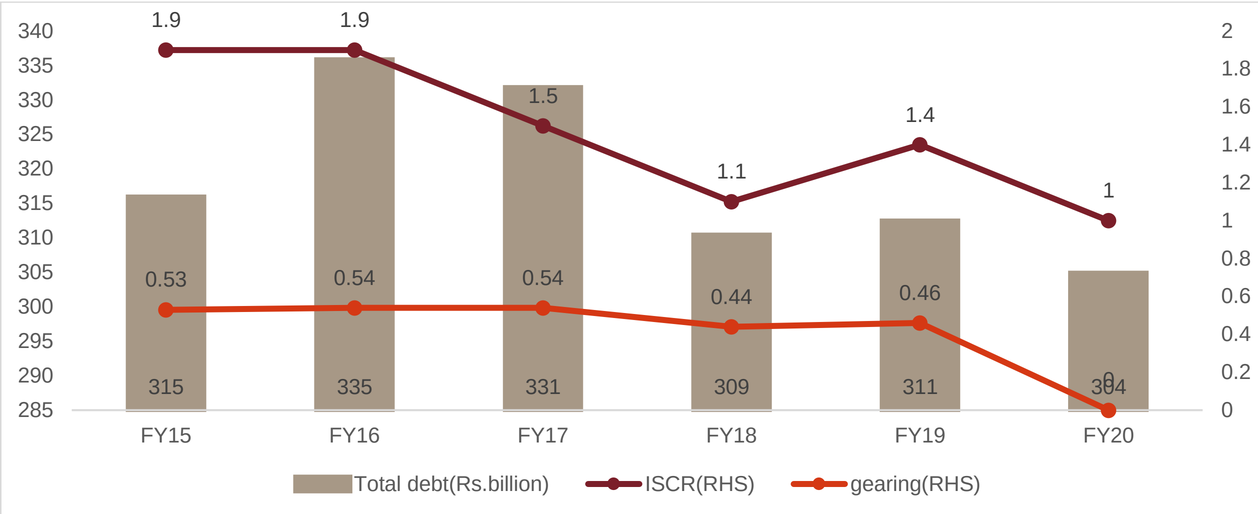
Demand for residential real estate across all major metros was sluggish over the past couple of years owing to high prices. The demonetization and RERA implementation only added to the worries. While the government's moves will undoubtedly see the industry take it on the chin in the short term, CRISIL Research believes the steps are a long-term positive. They will bring about sweeping changes to the way the sector functions. We believe investors will now reassess their existing holdings and fresh investments into the sector will be limited as the market may not be seen as a lucrative asset class. At the same time, the drop in interest rates to multi-year lows, drop in inventory prices due to the pandemic coupled with stamp duty cuts announced by various state Governments led to traction in real estate demand aiding developers. The traction is expected to continue in fiscal 2022, contingent on interest rates staying at similar levels, leading to improvement in financials of players.

Figure 15: Net margins of players have fallen in last few years



Note: Sample consists of 30 companies
Source: CRISIL Research

Figure 16: Financial flexibility of developers slid in fiscal 20 post improvement in FY19



Note: Sample consists of 30 companies
Source: CRISIL Research

Key projects announced by Tamil Nadu state government in Building construction sector

Tamil Nadu Urban Healthcare Project

The project envisages implementation of Tamil Nadu Urban Healthcare Project in Tamil Nadu. Tamil Nadu housing board is the nodal agency for the project. The project details are as follows:

Table 9: List of key healthcare projects in Tamil Nadu

Project Component	Target Facilities / Areas
Upgrading Tertiary Hospitals (Facilities and Medical Equipment)	**Three Medical College Hospitals** Government Rajaji Hospital(MMCH), Madurai Kilpauk Medical College Hospital (KMCH), Chennai Coimbatore Medical College Hospital (CMCH), Coimbatore

Strengthening Referral Hospitals (Medical Equipment)	**Eight Medical College Hospitals** Salem Medical College Hospital Vellore Medical College Hospital Thanjavur Medical College Hospital Tirunelveli Medical College Hospital Trichy Medical College Hospital Thoothukudi Medical College Hospital Pudukottai Medical College Hospital Kanyakumari Medical College Hospital **Six District Headquarters Hospitals (DHQH)** • Erode DHQH • Tiruppur DHQH • Cuddalore DHQH • Dindigul DHQH • Krishnagiri DHQH • Periyakulam DHQH
Strengthening Secondary Care Hospitals (Facilities and Medical Equipment)	**Four Secondary Care Hospitals** • Avadi, Chennai • Maniyanoor, Salem • Velampalayam, Tiruppur • Kandiyaperi, Tirunelveli
Strengthening Hospital Management	21 facilities in 17 cities
Strengthening Primary Health Care in NCD	Two Regional Training Institutes In Chennai and Madurai

Source: CRISIL Research

Residential Complex (Ernavoor) by Tamil Nadu housing board

Tamil Nadu Housing Board plans to construct Residential Complex at Ernavoor in Chennai district of Tamil Nadu. Around 6,877 tenements will be constructed at Ernavur as initial part of Tamil Nadu Housing and Habitat Development Project to transform slums in Chennai, Tiruvallur and Kancheepuram districts with World Bank funding assistance.

Commerce Hub (Nandanam) Project

Tamil Nadu Housing Board plans to construct Commerce Hub at Anna Salai, Nandanam in Chennai district of Tamil Nadu. The project comprises of Tower 1 (2BF+ GF+ 20 Floors), Tower 2 (2BF + GF + 16 Floors), Tower 3 (2BF +

GF+ 15 Floors) and Skybridge. The project will spread over 12.31 acres of land. The hub will be used for financial institutions, banks, trading and brokering houses to set up their operations.

Housing (Vallam Vadagal) Project by State Industries Promotion Corporation of Tamil Nadu

State Industries Promotion Corpn of Tamil Nadu plans to develop Industrial Housing Facility (Dormitory) for employees at SIPCOT Industrial Park, Vallam Vadagal, and Sriperumbudur taluka in Kancheepuram district of Tamil Nadu. The project will consist of 13 blocks and each one will have stilt and 10 floors. The project will include common facilities and amenities such as supply of potable water, storm water drains, solid waste management, rainwater harvesting and solar energy utilisation.

High Rise Building (Triplicane) Project by Tamil Nadu housing board

Tamil Nadu Housing Board is developing High Rise Building at Triplicane in Chennai district of Tamil Nadu. The project will spread over 26.55 acres of land, comprises Single block of 3B + Ground floor (shops) + 17 Floors - offices including various modern amenities.

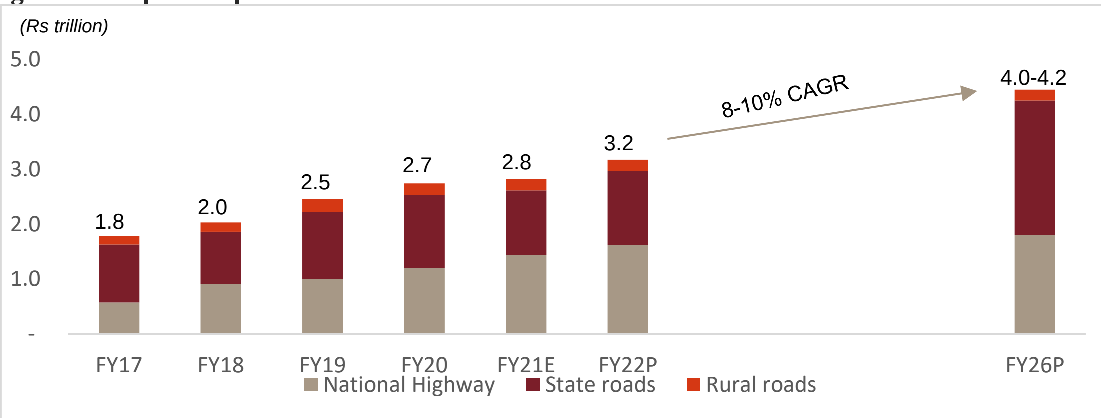
3. Roads Construction sector

Road execution momentum to continue in fiscal 2022 led by high value expressways; resilience shown even during pandemic

CRISIL Research expects investments in roads to rise 10-15% in fiscal 2022 led by a strong pipeline of national highway projects, execution of higher value expressways and recovery in state road investments. Investments in National highways led by expressway execution are projected to rise 13-17% while state road investments are projected growing 10-15% in fiscal 2022.
Investments in fiscal 2021 are expected to have recorded a 0-2% rise despite the pandemic and the associated labour migration in Q1 fiscal 2021. The labour situation normalised fastest in the highways sector while efforts by the NHAI and steps under the Atmanirbhar Bharat plan on allowing monthly bill payments led to the highest daily highway construction rate in fiscal 2021. National highway investments are expected to have grown at 10-15% in fiscal 2021. State investments took a hit, declining 2 to 8% in fiscal 2021 attributable to the pandemic as funds had to be diverted to meet social and healthcare spends.

Road projects augur well for construction players, as nearly all funds (save those used for land acquisition) are channelised into construction. Investments in road and highways, is forecast to increase 1.6 times over fiscals 2022-26 compared to fiscals 2017-21, due to the government's focus on roads, and state and national highways driven by public funds. Around 35% of the projects awarded by the National Highways Authority of India (NHAI) in fiscals 2019 and 2020 are through the hybrid annuity model (HAM), in which 40% of the total construction cost is paid by the government during the construction period. Thus, more than 70-75% of the total investment expected in national highways will be expensed by the government.

Figure 17: Expected spend on road construction

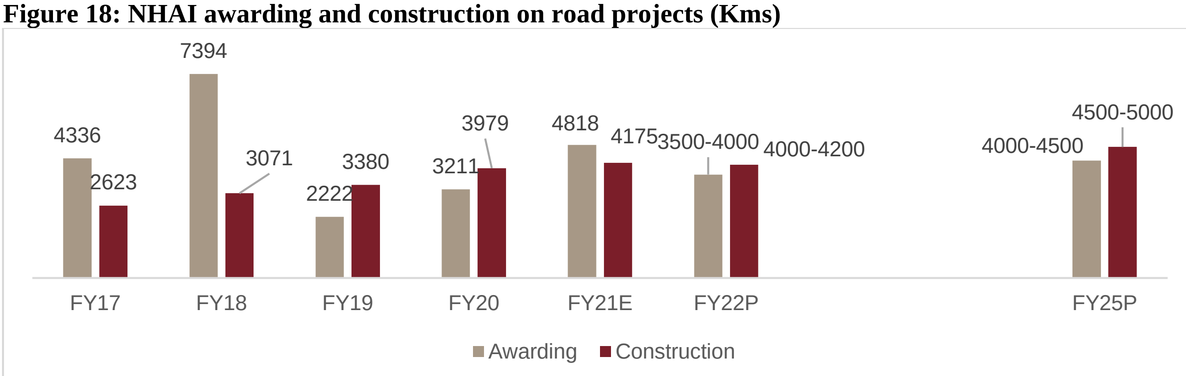


E: Estimated; P: Projected
Source: NHAI, MoRTH, CRISIL Research

Pace of NH projects' highest ever in FY21

Execution of National highways in FY21 is estimated to have been 4,175 km, the highest achieved, surpassing the execution in FY20. Execution of national highways was 3,979 km in FY20 at ~11km/day, led by strong order book backlog and award of appointed dates of delayed HAM projects. However, pace of execution over the medium term is linked to the NHAI's ability to raise market borrowings to achieve Bharatmala targets, given the awarding will be largely under EPC and HAM. CRISIL Research projects execution of national highways at 4000-4200 km in fiscal 2022.

Figure 18: NHAI awarding and construction on road projects (Kms)



Note: Numbers in kms
Source: CRISIL Research

Further, the government's Bharatmala project envisages construction of 51,000 km of roads in multiple phases along India's borders, coastal areas, ports, religious and tourist places, identified economic corridors, inter-connectivity corridors, and over 100 district headquarters.

While as per our analysis the government may fall short of its Bharatmala targets, this has empowered new agencies such as the National Highways Infrastructure and Development Corporation Ltd. The government has also increased budgetary allocation to aid execution via the engineering, procurement and construction (EPC) mode as developers overcome their financing constraints. The government has introduced new avenues to finance projects, such as investment trusts and the National Investment and Infrastructure Fund.

Further, the government has introduced policy reforms to boost private participation, including:

- Immediate payment of 75% arbitral awards to contractors by government agencies
- Premium rescheduling of projects to improve developers' cash flow
- 100% exit in build-operate-transfer projects to release developers' tied-up equity and reduce debt
- The NHAI's one-time fund infusion installed projects
- Introduction of HAM, wherein most of the project risk is taken up by the awarding authority

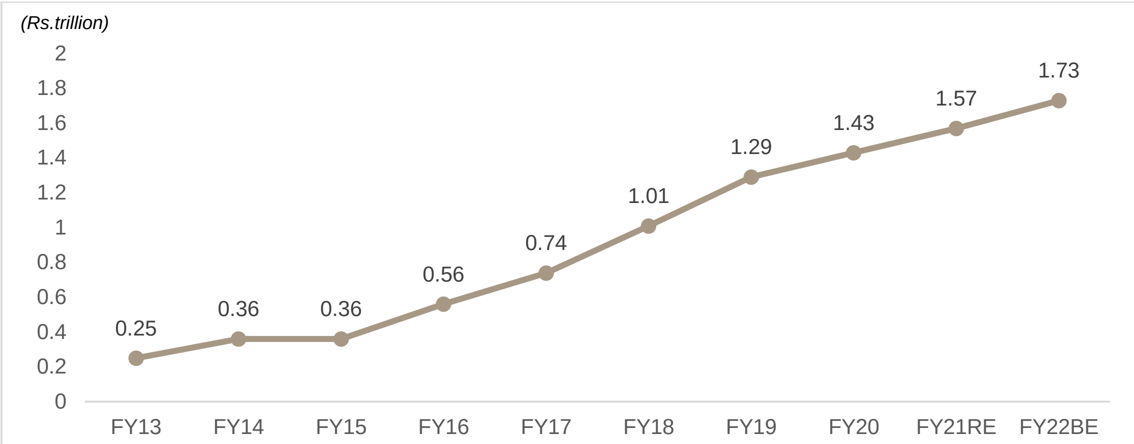
Hence, we expect the sectoral momentum to continue, with EPC road projects driving execution in the short term. As a result of policy reforms, private participation is expected to improve over the long term.

Policy push aimed at improving private participation in national highways

The following are the recent policy changes that MoRTH and NHAI have undertaken to in order to improve private participation in the sector and increase competition

- Bidder eligibility criteria reduced for HAM and EPC projects which would promote entry of smaller players
- Changes in the Hybrid Annuity Model (HAM) concession agreement aimed at protecting developers' returns and easing their cashflows during construction period
- Changes in the Build-Operate-Toll (BOT) concession agreement in order to reinstate developer interest in the model.
  Apart from this, the government has taken various steps under the Atmanirbhar package to mitigate the impact of COVID-19 on the sector:
- Extension of Time (EOT) up to 3-6 months for all projects and relaxation of milestone achievement
- Release of performance security, COVID-19 emergency loan facilities and moratorium on loan repayment up to Aug 2020
- Extension of concession period for BOT-toll operators due to toll suspension and restriction in movement during lockdowns.

Figure 19: Budgetary allocation for capital expenditure in national highways



Note: FY13 to FY20 are actual spending numbers. FY21 is revised estimate and FY22 is budget estimate.
Source: Ministry of Road, Transport & Highways, CRISIL Research

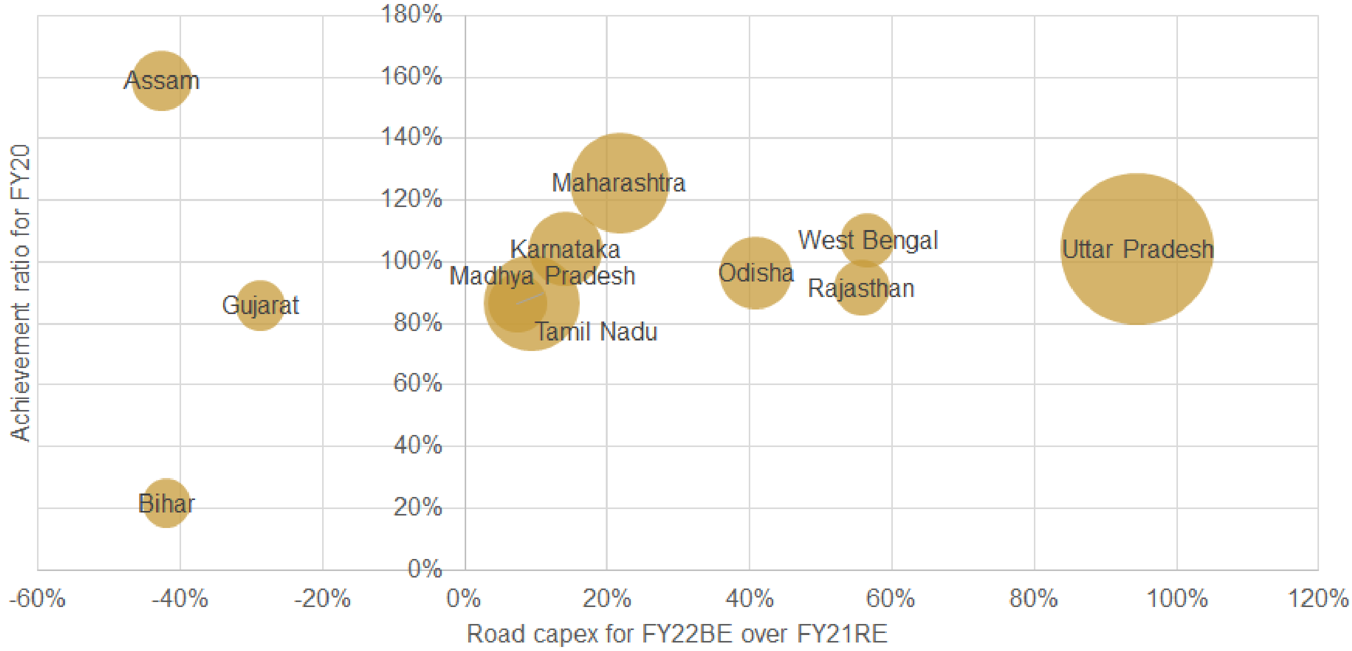
While increasing the awarding of road projects will undoubtedly drive construction activity, execution of the projects will remain a key monitorable. On the award front, 10,467 km of projects were awarded in fiscal 2021 which was ~17% higher over 8,948 km fiscal 2020.

Investments in state roads to rise 10-15% in FY22 after high shave off in fiscal 2021 due to strained state budget financials

The Covid-19 pandemic impacted investments in state roads in fiscal 2021 with investments seen declining 2 to 8%. Although state budgets for 14 states, accounting for 81% of road investments for FY19, have shown a 0-2% drop in FY21 RE over budgeted numbers for FY21, CRISIL expects actual investments to decline 2 to 8% on year. Budgeted estimates for fiscal 2022 of these states have shown a 24% rise in investments but going by historical trends, CRISIL expects 10-15% on-year rise in state road investments in FY22.

Currently, 12-15% of the investment in state road projects is through the public-private partnership mode. We expect steady private participation in state road projects, led by large progressive states such as Gujarat, Karnataka, Madhya Pradesh and Maharashtra. A few states have been seriously pursuing the HAM model. Karnataka and Maharashtra have awarded projects under HAM. Other states such as Madhya Pradesh and Rajasthan have also indicated substantial interest in the model.

Figure 20: Achievement of healthy allocations for FY22 a monitorable



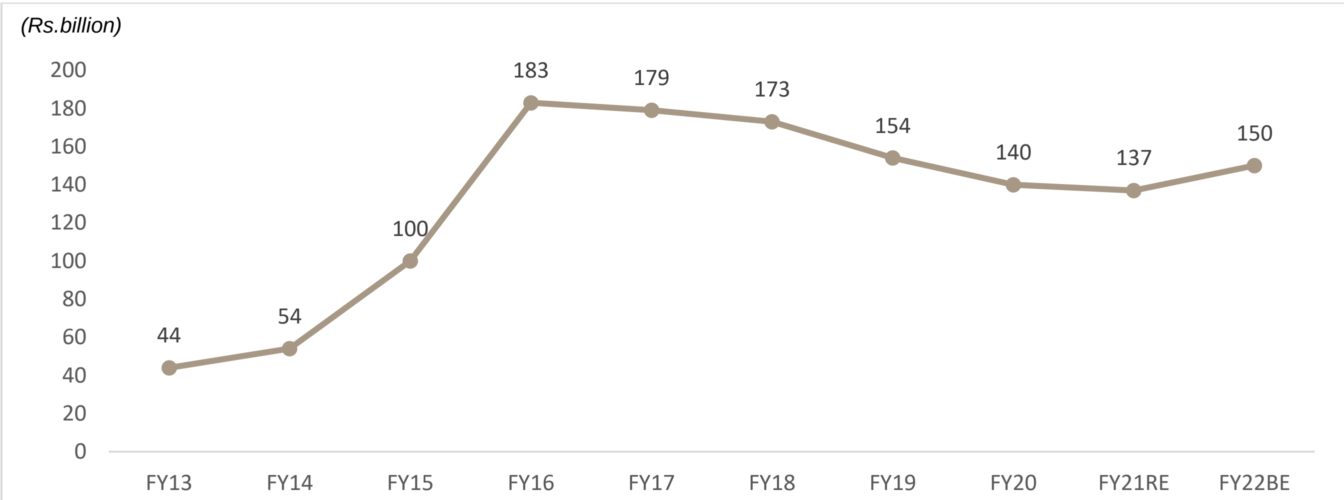
Note: Size of bubble in road capex allocation for FY22BE
Source: CRISIL Research, State budget documents

PMGSY-III target lower, to drive down rural road investments

Under the PMGSY-III scheme, announced in the Union Budget for fiscal 2020, the proposal is to consolidate 125,000 km road length in states over the next five years. The scheme will also include 'through routes' and 'major rural links' that connect habitations to Gramin Agricultural Markets (GrAMs), higher secondary schools and hospitals. It will entail an estimated cost of Rs 802.5 billion (central share Rs 538 billion and states' Rs 264.5 billion).

The road length (km) to be constructed under the PMGSY-III is significantly lower than the 218,000 km constructed under the umbrella scheme over fiscals 2015-2019. Execution under the PMGSY reached an all-time high of 48,746 km in fiscal 2018, which was marginally higher than fiscal 2017 and considerably higher than earlier fiscals. In fiscal 2019, 85-90% of the scheme's target was achieved. The budgetary allocation to the PMGSY has been maintained at Rs 190 billion in the past three budgets, including fiscal 2020. The expenditure in fiscal 2019 exceeded the allocated budget.

Figure 21: Budgetary allocation to the PMGSY



Note: FY13 to FY20 are actual spending numbers. FY21 is revised estimate and FY22 is budget estimate.
Source: Ministry of Rural Development, CRISIL Research

Key projects announced by Tamil Nadu state government in road construction sector

Chennai Peripheral ring project

Chennai peripheral ring road is one of the key projects under VISION 2023 of Tamil Nadu state government. The Tamil Nadu government has proposed the 133.65-km long Chennai Peripheral Ring Road project. Chennai peripheral ring road is conceptualized to provide better connectivity around the city catering future traffic demand. The project is being funded in a phased manner by the Japan International Cooperation Agency (JICA) in the first phase. The second and third phases, which are being financed by the Asian Infrastructure Investment Bank (AIIB) stretches from Ennore Port to Poonjeri Junction in Mamallapuram. The entire project will be completed in five phases.

Table 10: Chennai Peripheral ring project details

Phase/Section	Starting from	Ending at	Length(Kms)
Section-1	Ennore Port	NH5,Thatchur	25.31
Section-2	NH5,Thatchur	Thiruvallur Bypass	26.20
Section-3	Thiruvallur Bypass	NH4,Sriperumpudur	30.60
Section-4	NH4,Sriperumpudur	NH45,Singaperumalkoli	23.80
Section-5	NH45,Singaperumalkoli	Poonjeri Junction near ECR	27.47

Roads under Chennai Kanyakumari Industrial Corridor Project (CKICP)

The Chennai Kanyakumari Industrial Corridor is headed by Project Director and Chief Engineer and functioning with 2 Circles, 6 Divisions and 5 Special District Revenue Officers. Highways Department is executing, various road infrastructure projects for the economic and industrial development of the State. 8047 Km of road network comprising of 4318 km National Highways and 3729 km State Highways covering 13 Coastal Districts and 11 Interior Districts have been identified in the CKIC influence zone under the road sector. These roads are planned to be developed in six phases. Under first phase, it is proposed to take up the following 15 Project roads.

Table 11: Chennai Kanyakumari Industrial Corridor Project (CKICP) details

Sr. No.	Project Road	Total length(km)	Project cost (Rs billion)	LA cost (Rs billion)	Improvement Proposed
1	Cheyyur (ECR) to Vandavasi - Polur road (SH115)	110	5.3	0.6	2 lane+ PS
2	Chengalpet to Kanchee puram Road (30/0 -63/450) (SH58) including Military Road km 0/0 –6/310	39.7	4.2	0.7	4 lane
3	Chengalpattu –Kancheepuram-Tiruthani Road (66/940- 108/720) (SH 58)	47.3	3.9	0.7	2 lane+ PS
4	Tiruchendur to Ambasamudra m via Palayamkottai (SH 40)	74.9	4.1	0.3	2 lane+ PS
5	Melur to Karakikudi via Tirupattur, Kundrakudi (SH 191 & SH 191A)	46.9	2.1	0.2	2 lane+ PS
6	Thanjavur to Mannargudi (SH 63)	27.5	1.4	0.1	2 lane+ PS
7	Kumbakonam to Mannargudi (SH 66)	34.2	1.8	0.1	2 lane+ PS
8	Kumbakonam to Sirkazhi (SH 64)	38.1	3.1	1.5	2 lane+ PS/ 4 lane
9	Mayiladuthurai to Thiruvarur (SH 23)	31.3	2.0	1.4	2 lane+ PS
10	Thuraiyur to Perambalur (SH 142)	31.5	1.1	0.3	2 lane+ PS
11	Virudhachalam to Ulundurpettai (SH 69)	20.8	1.1	0.2	2 lane+ PS
12	Cuddalore to Madapattu Junction (SH 9)	40.6	3.8	2.8	2 lane+ PS
13	Mohanur –Namakkal –Senthamangalam-Rasipuram Road (SH 95)	46.4	2.5	1.6	2 lane+ PS
14	Tiruchengode to Erode (SH 79)	10.3	2.1	1.2	4 lane
15	Omalur to Tiruchengode via Sankagiri including Tiruchengode Bypass (SH 86)	54.8	5.4	4.1	4 lane /2 lane+ PS
	Total	**654.5**	**43.8**	**15.7**	

Thoraipakkam-Pallavaram Radial Road with the East Coast Road (ECR)

Thoraipakkam-Pallavaram Radial Road with the East Coast Road (ECR) will be a 6-lane road construction project. The project is planned to ensure smooth flow of vehicular traffic as it will divert some traffic from Rajiv Gandhi Salai, popularly known as Old Mahabalipuram Road. In the first phase, the state highways department will construct a 750 m-long stretch that will start from OMR and end near Canal Bank Road, running along the Buckingham Canal that is parallel to both OMR and ECR. In the process, Canal Bank Road would be widened into two lanes to provide connectivity to the existing bridges across the canal. Land acquisition for the first phase has been completed and tenders had also been floated.

Airport-Irumbuliyur elevated corridor project on GST Road

Tamil Nadu government has cleared the 10km long airport- Irumbuliyur elevated corridor on GST road. The elevated corridor is going to be a three-deck structure over grade separators or flyovers and remain at two levels along the rest of the alignment. The elevated corridor will be 21 metres high when it is a three-deck facility and 14 metres tall if it runs along at two levels. Chennai Metropolitan Development Authority (CMDA), which had conducted a feasibility study report for the elevated corridor linking Chennai Airport and Chengalpet, have transferred the project to the highways department for its execution. CMDA will continue to be the coordinator for implementation. The project is expected to be in tune with CMRL constructions proposed along the corridor.

Road widening project at Paranur on the outskirts of Chengalpet

The congested southern gateway of Chennai is expected to be expanded as Tamil Nadu state government has given the approval to widen the four-lane GST Road to an eight-lane road till Paranur on the outskirts of Chengalpet at a cost of ~Rs 2.5 billion. The road widening would ease traffic movement on the national highway between the city and southern suburbs beyond Tambaram. The state highways department has commenced preliminary work for the eight-lane road and is conducting inspections for shifting of utilities including electric poles. A stretch of about 13-km from Guduvanchery to Paranur would be taken up for road widening.

4. Irrigation sector

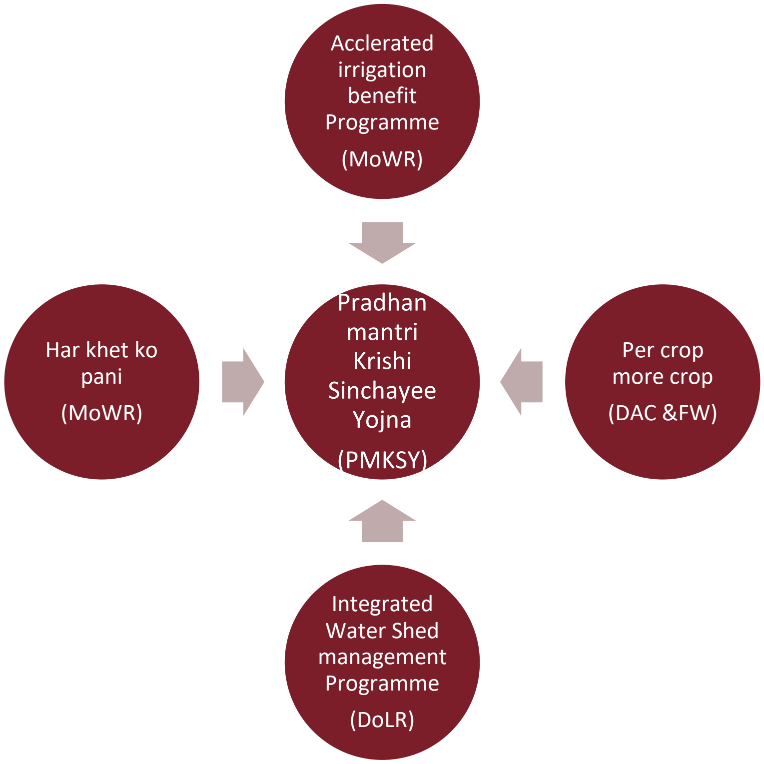
State funded irrigation construction capex to rise 10-15% in FY22; top 14 states announce 24% rise in allocation over FY21RE

CRISIL Research expects construction capex in Irrigation to rise by 10-15% on year in fiscal 2022. State budget allocation for FY22 for 14 states, which accounted for 80% of irrigation spends in FY19, have witnessed a 24% rise over FY21RE numbers. Construction capex in FY21 is estimated to have declined to the tune of 8-12% as states diverted funds towards healthcare and other social expenditure owing to COVID. The share of top 7 states is expected to remain at ~71-72% in fiscal 2022 similar to fiscal 2020 and 2021 levels.

Construction spend in irrigation will rise to Rs 4.0 trillion over fiscals 2022 to fiscal 2026 from Rs 3.2 trillion over the past five years (fiscal 2017 to 2021) owing to the push from state governments to increase irrigation penetration in states.

In fiscal 2016, the central government converged irrigation schemes under the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) to expand the area under cultivation. The key schemes converged are Accelerated Irrigation Benefits Programme (AIBP), Integrated Watershed Management Programme, On Farm Water Management, and Per Drop More Crop.

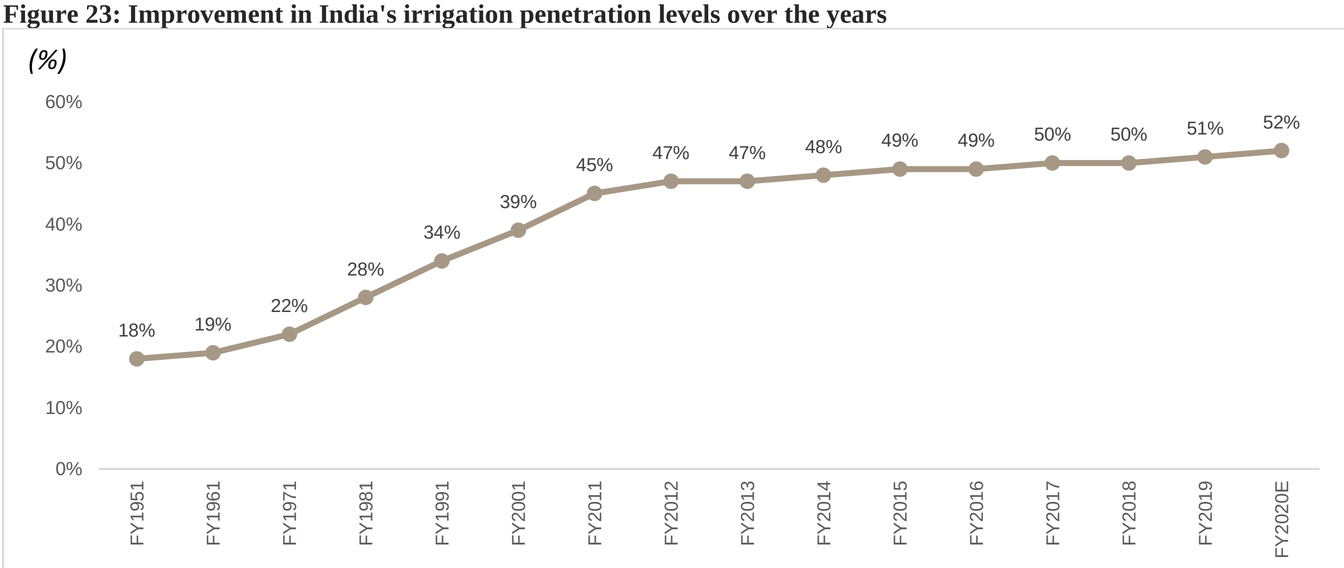
Figure 22: Convergence of various schemes under one umbrella



Source: CRISIL Research

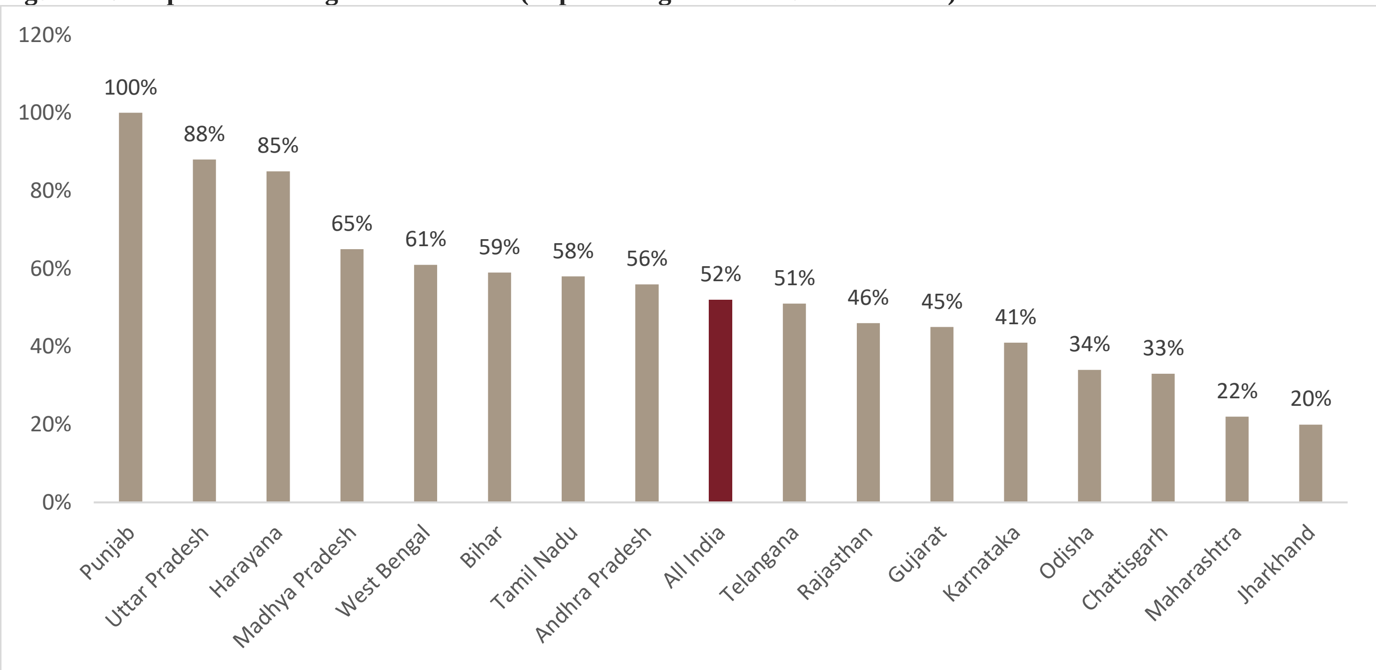
To achieve the target, PMKSY focuses on end-to-end solutions in the irrigation supply chain, and monitors implementation at the district, state and national levels. The acutely low irrigation levels in India can be gauged from the fact that of the ~140 million hectares of cultivated land, irrigated land stands at a mere ~50%.

Figure 23: Improvement in India's irrigation penetration levels over the years



Note: 1. Irrigation penetration is net irrigated area over net sown area
2. Irrigation penetration is estimated by taking Rs 0.8 million as capital expenditure for irrigating 1 hectare of land
Source: MoAFW, CRISIL Research

Figure 24: Proportion of irrigated land FY20 (as percentage of total cultivated land)



Note: Figures in the bar graph indicate the irrigation penetration for the respective states
Source: CRISIL Research

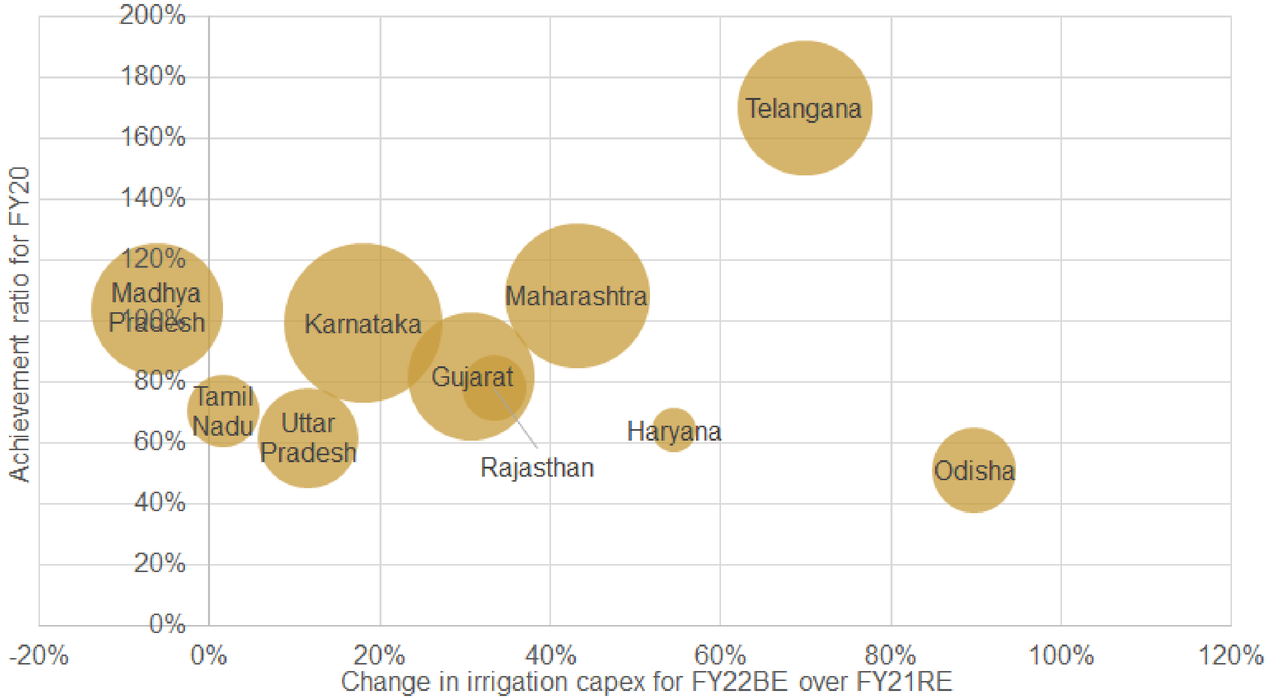
District irrigation plans (DIPs) for each district and state will be made to galvanise planning and implementation of the PMKSY. As part of the scheme, the state's agriculture department is responsible for collating information regarding the sub-projects of each cluster from different departments/districts into one detailed project report and placing it before the Inter-Departmental Working Group for scrutiny and State-Level Sanctioning Committee (SLSC) for approval.

Project execution will be monitored by the SLSC, with progress reviewed by the National Steering Committee. Further, the National Executive Committee under the Niti Aayog will monitor programme implementation, allocation, and execution for disbursement of resources.

Spending in irrigation by states to increase, Centre to focus on monitoring

The government has increased the spending requirement by state governments from 32% to 42%, in line with greater transfer of taxes to states. The central government will play an active role in monitoring the progress of PMKSY projects, and has taken several steps to crystallise investments for irrigation.

Figure 25: Achievement ratio across states



Note: Size of the bubble indicates irrigation investments for FY22BE in Rs billion
Source: CRISIL Research, State budget documents

Key projects announced by Tamil Nadu state government in Irrigation sector

Tamil Nadu State government under public works department executes various irrigations schemes which constitutes irrigation projects across the Tamil Nadu state. Following are some of the key schemes and projects under those schemes.

Check Dams / Barrages across River Cauvery and Kollidam

In Tamil Nadu, to fulfill the need of water for drinking and irrigation purposes and to store the flood water of Cauvery and Kollidam which otherwise flows to sea as waste during monsoon period, sanctions have been accorded for carrying out investigation for construction of barrages at the following places across Cauvery and Kollidam River and project formulation works are in progress:-

- ✓ Construction of Barrage across River Cauvery in Nanjaipugalur Village in Pugalur Taluk of Karur District.
- ✓ Construction of Tail end wall across River Kollidam between Alakkudi Village of Sirkazhi Taluk in Nagapattinam District and Thirukazhipalai Village of Chidambaram Taluk in Cuddalore District.
- ✓ Construction of Barrage across River Kollidam between Karuppur and Mathirivelur Villages of Nagapattinam and Cuddalore Districts.
- ✓ Construction of Barrage across River Kollidam between Thuthur and Vazhkkai Villages of Ariyalur and Papanasam Taluks in Ariyalur and Thanjavur Districts.

- ✓ Construction of Barrage across River Cauvery between Nerur Village of Manmangalam Taluk in Karur District and Oruvanthur Village of Mohanur Taluk in Namakkal District.

- ✓ Construction of Barrage across River Cauvery at LS 161.54 Km between Kulithalai Village and Taluk of Karur District and Musiri Village and Taluk of Tiruchirappalli District.

- ✓ Construction of New Regulator across the Northern and Southern arms of the Kollidam River on the downstream side of the existing regulator at Anaikarai (Lower Anicut) in Ariyalur and Thanjavur Districts.

Extension, Renovation and Modernisation of Irrigation Infrastructures in Cauvery Basin

The Central Water Commission, issued "In–Principle consent" on 14.05.2013 for taking up the works of Improvements and Rehabilitation of Irrigation Systems in Cauvery Basin viz., Grand Anicut Canal system, Cauvery Sub Basin, Vennar Sub Basin, Lower Bhavani Project, Lower Kollidam Sub Basin, Kattalai High Level Canal project, Noyyal Sub-Basin and Rajavoikkal project and Ground Water Recharge scheme. Under this scheme, administrative sanction has been accorded for an amount of Rs.7.5 billion for the following 3 works under State fund:-

- Kattalai High level canal irrigation system in Cauvery Basin (Rs 3.35 billion)
- Rajavoikkal irrigation system in Cauvery Basin (Rs 1.8 billion)
- Noyyal River system in Cauvery Basin (Rs 2.3 billion)

The scheme of Extension, Renovation and Modernisation of Kattalai High level canal irrigation system in Cauvery Basin for efficient irrigation management is estimated to have an investment of Rs 3.35 billion. Preliminary works are in Progress for the project.

World Bank Assisted Tamil Nadu Irrigated Agriculture Modernization Project

Tamil Nadu Irrigated Agriculture Modernisation Project was planned for implementation in 66 sub basins to benefit an extent of 5.43 lakh hectare over a period of 7 years starting from 2017 with an outlay of Rs 2.96 billion. This is the follow on project of the successfully completed Irrigated Agriculture Modernisation and Water Bodies Restoration and Management Project. The Project is implemented by Water Resources Department and 6 line Departments in coordination with Tamil Nadu Agriculture University, Tamil Nadu Veterinary and Animal Sciences University and Tamil Nadu Fisheries University. In this Project, it is proposed to take up rehabilitation of 4,778 tanks, 477 anicuts, artificial recharge wells in water spread area of tanks and improving drainage cum irrigation channels in Cauvery Delta and other sub-basins at an outlay of Rs 21.3 billion earmarked for Water Resources Department in four phases. First two phases have been completed and work on last two phases is expected to begin shortly. Following is the work remaining in the above mentioned project.

Phase -III Works: Administrative sanction has been accorded for the Rehabilitation of 906 tanks and 183 anicuts and construction of 37 Artificial Recharge wells, grouped into 57 packages in 16 sub-basins at an estimated cost of Rs 6.5 billion.

Phase–IV Works: Preparation of Detailed Project Reports for selected 10 Sub basins have been initiated.

Dam Rehabilitation and Improvement Project-II

The state government had undertaken dam rehabilitation and improvement project (DRIP-I) which was financially aided by World Bank. Most of the projects in DRIP-I have been completed. In line with ongoing Dam Rehabilitation and Improvement Project, it is proposed to rehabilitate and improve 37 dams and associated appurtenances under DRIP -II with the financial assistance from World Bank. Government have accorded approval for the DRIP-II proposal at a project cost of Rs 6.1 billion to implement within the period of 5 years from the fiscal 2021. Under this, it is also proposed for Real time flood forecasting system to reservoir for an amount of Rs 0.25 billion.

Asian Development Bank Assisted Climate Change Adaptation Programme in Cauvery Delta

Climate Change Adaptation Programme in Cauvery Delta aims to protect coastal Districts namely Tiruvarur and Nagapattinam from cyclone and flood that occurs due to the climate change. The Climate Change Adaptation Programme in Cauvery Delta is under implementation at a cost of Rs1.56 billion, out of which the assistance of Asian Development Bank will be Rs10.9 billion (70%) and the State share will be Rs 4.68 billion (30%). In Phase-I of the project, the works at an estimated cost of Rs 9.6 billion is being implemented for upgrading infrastructure, resectioning and strengthening the embankments of Harichandranathi, Adappar River, Pandavaiyar River, Vellaiyar River, Valavanar Drain, Vedharanyam Canal and Uppanar Drain in Vennar sub basin of Cauvery Delta. By this scheme, an ayacut of 78,000 Hectare will be benefitted.

In Phase-II the project technical advisory committee team is preparing Feasibility study for follow on project for remaining 14 rivers in Vennar sub basin and 23 rivers in Cauvery sub basin. Presently, Hydraulic & Hydrology and ground water model studies for Vennar and Cauvery sub basins are in progress.

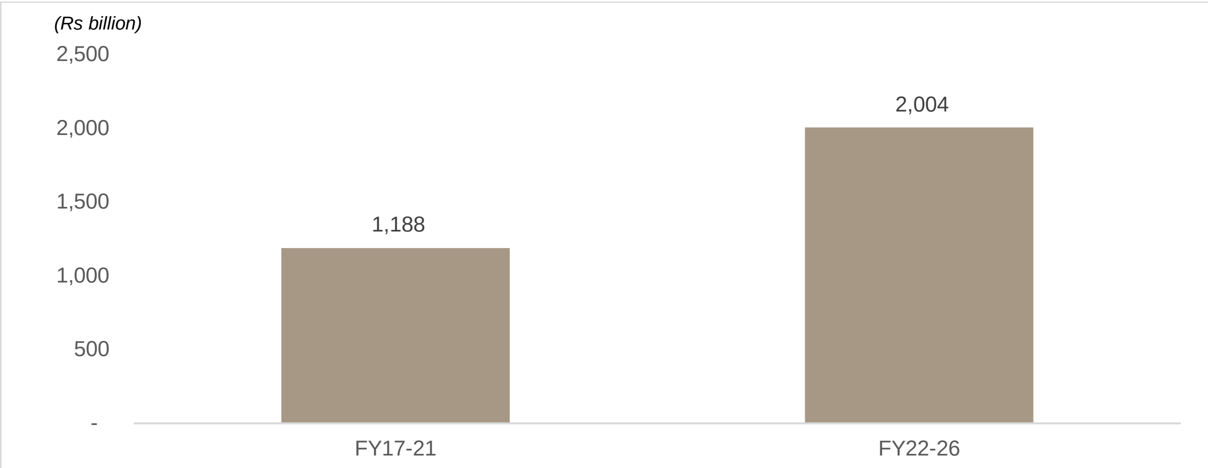
5. Water supply and sanitation sector

WSS expected to contribute close to half of investments under urban infra

Investments in urban infrastructure are expected to record a 15-20% rise in fiscal 2022 led by investments in Water supply and sanitation under schemes such as Swach Bharat mission, Jal Jeevan mission, AMRUT and deferred investments in Metro projects a bulk of which were under implementation and have achieved financial closure. This follows a (5)-0% drop in fiscal 2021 owing to the pandemic.

The central government's push on WSS announced in the budget with allocations rising 125% in FY21RE and near doubling over FY20 numbers while state budgets for WSS for FY22BE are up 49% over FY21RE and 125% over FY20 which bide well for the WSS sector in the short and medium term. WSS projects are expected to account for half of the total urban infrastructure investments over the next five years, driven primarily by state governments and through centrally sponsored programmes such as Jal Jeevan mission, AMRUT and Swach Bharat mission.

Figure 26: Review and outlook on investments in WSS segment



Source: Ministry of Rural Development, Ministry of Housing & Urban Affairs, CRISIL Research

Announced missions to power WSS projects

Government schemes such as the Swachh Bharat Mission (SBM), Jal jeevan mission and the National Mission for Clean Ganga (NMCG) are likely to boost WSS investments. On October 2, 2014, Prime Minister launched the SBM in order to focus on sanitation and accelerate efforts to achieve universal sanitation coverage. It comprises two sub-missions - Gramin (for the rural areas) and Urban - aimed at achieving a clean India by 2019.

The measures undertaken by the mission include construction of household, community and public toilets, and conversion of insanitary latrines into pour-flush latrines; solid waste management; and public awareness. The overall capex for SBM (Rural and urban) for fiscal 2020 was Rs 8.6 billion with revised estimates for fiscal 2021 at Rs 5.9 billion and budgeted numbers for fiscal 2022 at Rs 11.2 billion.

AMRUT - Another driver of WSS spend

In May 2015, the government replaced the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) with the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), to focus on basic infrastructure services such as water supply, sewerage, storm water drains, transport, and development of green spaces and parks.
Under AMRUT, the Centre is assisting states based on project cost and population of the cities and towns. The financial aid is released in three installments in the 20:40:40 ratio, based on achievement of milestones indicated in the State Annual Action Plan.

The scheme also covers JNNURM projects sanctioned between 2005 and 2012 and those that have achieved 50% physical progress (102 projects), or have availed of 50% central government funding up to the initiation of project (296 projects).
The budgetary outlay for AMRUT in fiscal 2022 is Rs 73 billion while revised estimates for fiscal 2021 is Rs 64.5 billion and spends in FY20 were Rs 63.9 billion.

6. Competitor analysis

For the peer comparison section, CRISIL Research has considered players involved in same line of business as RPP Infra Projects Limited and operating in similar geogrpahy.

Company Name	Registered Office	Incorporated Year
Annai Infra Developers Ltd	Erode, Tamil Nadu	2008
IHP Limited	Mumbai, Maharashtra	1926
JSR Infra developers Pvt Ltd	Vellore, Tamil Nadu	2015
KCP Engineers Pvt Ltd	Chennai, Tamil Nadu	2011
KMC constructions limited	Rangareddy, Telangana	1993
P&C Projects Pvt Ltd	Erode, Tamil Nadu	1994
Ramalingam Construction company Pvt Ltd	Erode, Tamil Nadu	2008
Renaatus projects Pvt Ltd	Erode, Tamil Nadu	2006
RPP Infra Projects	Erode, Tamil Nadu	1995
SPL Infrastructure Pvt Ltd	Chennai, Tamil Nadu	2004
SRR Projects Pvt Ltd	Hyderabad, Telangana	2006
URC construction Pvt Ltd	Chennai, Tamil Nadu	1991

Source: Company website, CRISIL Research

Financial Overview

FY20 (Rs. Million)	Operating Income	Operating profit margin (%)	Net profit	Net profit margin (%)
Annai Infra Developers Ltd*	8,418.4	11.0	547.7	6.5
IHP Limited	16,236.9	11.7	734.1	4.5
JSR Infra developers Pvt Ltd	2,615.6	24.0	416.4	15.9
KCP Engineers Pvt Ltd	4,277.0	10.3	271.5	6.3
KMC constructions limited	5,614.6	20.4	-244.2	-4.3
P&C Projects Pvt Ltd	5,349.7	10.8	261.4	4.9
Ramalingam Construction company Pvt Ltd	13,994.1	21.6	1,786.8	12.8
Renaatus projects Pvt Ltd	2,957.4	13.7	194.4	6.6
RPP Infra Projects Ltd	5,790.4	10.5	193.2	3.3
SPL Infrastructure Pvt Ltd	5,428.3	9.4	307.9	5.7

SRR Projects Pvt Ltd*	5,287.0	8.6	178.5	3.4
URC construction Pvt Ltd*	7,810.2	10.4	118.1	1.5

Note: For Annai Infra developers Ltd, SRR projects Pvt Ltd, URC construction Pvt Ltd data mentioned is as of FY19
Source: Company Annual Reports, CRISIL Research

FY20	ROCE (%)	Gearing (times)	Interest Coverage (times)	Net cash accruals/ Total debt (times)	Current ratio (times)	ROE (%)	Asset Turnover (%)
Annai Infra Developers Ltd*	44.1	0.8	7.6	0.5	1.2	47.4	51.5
IHP Limited	16.1	1.2	2.6	0.1	1.2	13.5	11.2
JSR Infra developers Pvt Ltd	22.7	0.3	9.9	1.0	1.2	21.5	1.9
KCP Engineers Pvt Ltd	26.8	0.5	6.4	0.5	2.2	27	7.3
KMC constructions limited	9.6	5.3	1.0	0.0	0.5	-10.5	0.8
P&C Projects Pvt Ltd	21.3	0.6	3.2	0.3	1.6	16.7	5.9
Ramalingam Construction company Pvt Ltd	39	1.4	9.3	0.3	1	75	9
Renaatus projects Pvt Ltd	24.6	0.4	4.4	0.7	1.4	20.2	4.4
RPP Infra Projects	15.5	0.5	2.7	0.2	1.8	8.8	6.5
SPL Infrastructure Pvt Ltd	34.2	0.3	7.1	1.3	1.2	30.6	4.6
SRR Projects Pvt Ltd*	24.4	0.8	3.2	0.3	1.5	20.5	7.6
URC construction Pvt Ltd*	13.9	1.6	1.7	0.1	1.3	6.1	2.9

**Note: For Annai Infra developers Ltd, SRR projects Pvt Ltd, URC construction Pvt Ltd data mentioned is as of FY19*
Source: Company reports, CRISIL Research

FY21 (Rs.million)	Operating Income	Operating profit margin (%)	Net profit	Net profit margin (%)	ROCE (%)	Gearing (times)	ROE (%)

IHP Limited	12,414	9.5	420	3.4	11.2	0.85	6.9
RPP Infra Projects	4,779	7.5	155	3.3	10.9	0.4	5.8

Note: Calculations based on the Quarterly results announced by these publicly listed companies for fiscal 2021
Source: Company reports, CRISIL Research.

The calculations for ratio considered in the above table are as follows:

- Gearing = Adjusted debt /Adjusted net worth
- Interest coverage = Profit before depreciation, interest and tax /Interest and Finance Charges
- Current ratio = Total current assets / Total current liabilities
- Asset Turnover = (Operating income + Non-operating income) / Total assets
- ROE = Profit after Tax / Tangible net worth
- Operating profit margin = OPBDIT / Operating Income
- Net profit margin = Profit after Tax / Operating Income
- ROCE = Profit before interest and tax / (Total debt + Tangible net worth)

Key Observations:

- For fiscal 2020, RPP Infra projects Limited has generated an operating income of Rs 5,790.4 million with a net profit of Rs 193.2 million
- Among the players considered above, for fiscal 2020, RPP ranks at 8th position in terms of operating profit margin (10.5%) and ranks 10th in terms of net profit margin (3.3%)
- In terms of return ratios, for fiscal 2020, RPP has displayed strong performance with ROCE of 15.5% and ROE of 8.8%; however, these are on the lower side when compared to the peers considered
- For fiscal 2020, among the players compared above, RPP ranks 5th lowest in terms of gearing ratio (0.5 times) indicating lower leverage compared to the peers considered. RPP also recorded strong interest coverage ratio of 2.7 times during the year; it was however lower compared to most of the peers considered.
- In terms of net cash accruals to total debt for fiscal 2020, RPP recorded a strong performance of 0.2 times; however, it was on the lower side compared to the most of the peers considered.
- For fiscal 2021, RPP Infra projects Limited has generated an operating income of Rs 4,779 million with a net profit of Rs 155 million with operating margin of ~9.5% and Net profit margin of 3.3%

6.1. Operational Overview

Company	Sectoral presence	About Company
Annai Infra Developers Ltd	Water Supply, Drainage, Irrigation	• Established in 2008, Annai Infra Developers Ltd (AIDL) is an Erode based Class 1 civil contractor. • The company primarily undertakes projects related to water supply, irrigation, and drainage.
IHP Limited	Pipelines	• The Indian Hume Pipe Company Ltd (IHP limited) was incorporated in the year 1926 with collaboration of HUMES (Australia). • The company manufactures different types of pipes such as pre-stressed pipes, pre-stressed concrete cylinder pipes, bar wrapped steel cylinder pipes, Hume steel pipes, Etc. • It is also involved in execution of turnkey water supply and sewerage projects. • It has executed projects in countries such as Nepal, Burma, Malaysia and republic of Iraq
JSR Infra developers Pvt Ltd	Roads, Irrigation	• Established in 2009 as a partnership firm and was reconstituted as a private limited company in 2015. • JSR undertakes civil construction works, primarily roads, in Tamil Nadu.
KCP Engineers Pvt Ltd	Roads, Solid Waste Management, Bridges, Led Street Lights, Multi-level Car parking	• KCP Engineers Private Limited (KCP) was established as KCP Engineers and Fabricators, in 2005; the firm was reconstituted as a private limited company with the current name in 2011. • It has undertaken projects for state government authorities such as Public Works Department of Tamil Nadu, National Highways Authority of India, Chennai Municipal Corporation, and Coimbatore Municipal Corporation.
KMC constructions limited	Roads, Power, Railways, Solid Waste Management, Manufacturing activities relating to construction	• Krishna Mohan Constructions (KMC) limited was incorporated in 1970 and turned a public limited company in the year 1994. • It has executed projects for State and Central Government agencies; some of its clients include MoRTH, NHAI, AAI, Mangalore port trust, Vizag Steel, etc. among others.

Company	Sectoral presence	About Company
P&C Projects Pvt Ltd	Building, Roads, Bridges, Water Utility, Irrigation	• The company was incorporated as a proprietorship firm in the year 1970. • Later, in year 1994, promoters started a private limited company P&C constructions Ltd which later changed to P&C projects private Limited in the year 1995. • It undertakes residential, commercial, industrial and infrastructural projects for private and public agencies.
Ramalingam Construction Company Pvt Ltd	Roads, Buildings, Electrical, Marine Irrigation, Smart Metering	• Ramalingam Construction Company Private Limited was incorporated in the year 2008 and registered at Coimbatore. • This company is privately held; promoters hold 100% of shares. • It has undertaken projects for various state and central government agencies as well as multilateral institutions
Renaatus projects Pvt Ltd	Buildings, Industrial structures, Irrigation, Bridges, Roads	• It was set up in 2006 in Erode, Tamil Nadu • RPPL undertakes civil construction contracts and develops real estate projects. • Name was changed from RPP Selvam Infrastructure Pvt Ltd in 2009.
RPP Infra Projects	Roads, Buildings, Industrial structures, Power, Irrigation, Pipeline	• RPPIPL attained private limited company status in 1995; it turned a public limited company in 2010. • The company undertakes civil construction projects primarily for government departments and has executed projects in Tamil Nadu, Karnataka and Andhra Pradesh. • Some of its key clients include organisations like BHEL, MRPL, Chemplast, Thermax and Siemens. • It is listed on the Bombay Stock Exchange and the National Stock Exchange.
SPL Infrastructure Pvt Ltd	Roads, Bridges	• Established in 1984 and based in Chennai, SPL Infrastructure Private Limited undertakes civil construction, primarily of roads and bridges. • Company has executed several key infrastructure projects in the past including steel bridges at Marthandam (Tamil Nadu) and Parvathipuram (Tamil Nadu).
SRR Projects Pvt Ltd	Transmission and distribution, Heavy Engineering, Pipe Lines, Roads,	• SRR Projects Private Limited was incorporated in the year 2006 and registered at Hyderabad; promoters hold 72 percent of shares. • It undertakes projects for both private as well as public agencies.

Company	Sectoral presence	About Company
	Industrial structures	
URC construction Pvt Ltd	Railways, Roads, Ports, Urban Infra, Irrigation, Buildings, Industrial Structures	• URC Construction Private Limited was incorporated in the year 1991 and registered at Coimbatore. • This company is privately held. Promoters hold 100 percent of shares. • It undertakes projects primarily for government agencies.

Source: Company website, Annual Reports, CRISIL Research

OUR BUSINESS

Summary

We are an Indian company head quartered in Tamil Nadu that provides engineering, procurement and construction services. We operate across different states with a focus on South India and, in particular, Tamil Nadu. We also execute projects overseas, for the Government of India, in neighbouring Asian countries.

As on date, we have completed over 150 projects across diverse verticals, including roads, highways and bridges, infrastructure projects, mass housing projects and townships, industrial structures, irrigation and water supply projects, hotels, hospitals, educational institutions, and civil structures.

Our business operations are predominantly in South India with a significant focus on Tamil Nadu. The 3 business segments we operate in are the following:

1. Civil construction;

2. Infrastructure such as roads, highways, bridges, power, etc.; and

3. Irrigation and water management.

We are currently executing 41 projects across 6 Indian states with an Order Book of ₹ 3,113.25 crores.

In addition to the projects in India, our Company has also executed 3 projects in Sri Lanka and one prestigious power grid project in Bangladesh. The project in Bangladesh was executed in consortium with a multinational conglomerate. Further, currently, our Company is also executing certain projects for the Government of India in Sri Lanka, Myanmar and Bangladesh. In our international operations, our Company operates through geographic location specific joint ventures or subsidiaries, and where appropriate, through branch offices.

Currently, we have 3 Indian subsidiaries, 1 Indian step-down subsidiary and 1 subsidiary each in Sri Lanka and Mauritius.

Customers and executed projects

We execute a majority of our contracts with various state government departments. In addition, we have executed contracts with a number of government companies.

In addition to the above, we execute projects with various other companies particularly with respect to road projects, such as Renaatus Projects Private Limited and P&C Projects Private Limited.

Some of the projects undertaken by us are set out below.

1. Civil construction

Some of the projects undertaken by us are as follows:

a. Construction of 795 ground floor dwelling units including infra structure work at Mysore city.

b. Construction of a hospital building for a new Government medical college at Dhindigul.

c. Construction of shop office complex and 36 MSB residential flat (BF+ 6 Floor) at Erode.

2. Infrastructure

Some of the projects undertaken by us are as follows:

a. Construction of a substation in Bangladesh.

b. Construction of a storm water drain at Tuticorin.

c. Site levelling and surveying work in Udangudi super critical TPP at BHEL, Tuticorin.

d. Structural works of coal handling and ash handling plant area and non-plant structure of unit I and II at 2*660 critical thermal power project at BHEL- Tuticorin, Tamil Nadu.

e. Road work at Cuddalore-Madapattu in Chennai Kanyakumari industrial corridor project cluster.

3. Water management

Some of the projects undertaken by us are as follows:

a. Construction of 12 elevated service reservoir with chlorination facility and providing distribution system including HSC in Tiruppur corporation Zone I & II.

b. Jal Jeevan Mission for 2020-2021: CWSS to 442 Habitations in Modakurichi Union in Erode District.

c. Providing improvement of water supply distribution system to extended areas of Coimbatore city corporation.

d. Extension, renovation and modernisation of Lower Bhavani Project main canal from mile 18-1-375 to 39-0-000 in Erode District.

As on June 30, 2021, we employed 714 permanent, 147 contract labourers and 20 inter-state migrant workers.

Our total income on standalone basis decreased from ₹ 585.31 crores in Fiscal 2020 to ₹ 489.11 crores in Fiscal 2021. Our profit for the year on a standalone basis decreased from ₹ 19.30 crores in Fiscal 2020 to ₹ 15.53 crores in Fiscal 2021. Further, our EBIDA on a standalone basis decreased from ₹ 34.79 crores in Fiscal 2020 to ₹ 22.16 crores in Fiscal 2021.

Our total income on consolidated basis decreased from ₹ 607.96 crores in Fiscal 2020 to ₹ 524.33 crores in Fiscal 2021. Our profit for the year on a consolidated basis decreased from ₹ 18.16 crores in Fiscal 2020 to ₹ 15.50 crores in Fiscal 2021. Further, our EBIDA on a consolidated basis decreased from ₹ 33.65 crores in Fiscal 2020 to ₹ 22.12 crores in Fiscal 2021.

Competitive strengths

Significant technical and project execution expertise

We have been operating in the industry for 2 decades, and we have cultivated our business over the years through strong client relationships, dedicated workforce and proven project execution capabilities. We have over the years demonstrated our ability to successfully execute projects in a timely and cost-efficient manner. We have endured in this industry by constantly enhancing efficient project execution capabilities by adopting best practices prevalent in the industry.

Our project execution expertise is supplemented by strong in-house technical skills which we have developed in our work force over the years. Our strong technical and project execution capability is evidenced by the number of projects that we have successfully executed. We have in the last 5 years successfully executed 64 projects across 5 states in India and 2 projects overseas. A break-up of the projects that we have executed over the last 5 years is set out below.

Nature of project	Projects in India	Overseas projects	Total
Civil construction	10	2	12
Infrastructure	44	0	44
Water management	10	0	10

As our industry demands high level of skill sets, we have consistently recruited, and imbued, our engineers with high levels of expertise who have developed the experience to adapt to the needs of our clients and the technical requirements of the diverse projects that we undertake. Our engineers periodically undergo rigorous training programmes conducted by experts in management, engineering, design, quality and human resource development. We believe that our expertise in project implementation and the commitment and expertise of our engineers and their support team provides us with a competitive advantage in our business.

We have evolved a strong project execution system which we leverage to ensure disciplined and timely completion of our projects. We have documented an integrated management manual that covers each core activity relating to the construction and development of our projects including documentation requirements, regulatory requirements, material purchase, risk identification, operation control and occupational health and safety. This ensures that we have a consistent level of quality and uniformity across our projects.

Vast experience across construction industry

We have an established track record in executing large construction projects particularly in the roads and highways, water supply and sanitation projects. Additionally, we have completed modernization of gondi main canal and its distributaries in Shivmoga district of Karnataka Seasonal project, being the first project in Karnataka state funded by ADB, concrete road work in Dhatapur - 35 km completed in 18 months, with an in-house quarry, being the first project in northern state to be completed in time; and are currently undertaking construction work for Pradhan Mantri Gram Sadak Yojna, Smart Cities, River interlinking and canal irrigation for cultivation. We have executed 150 major infrastructure projects on an EPC basis, acquiring experience and demonstrating our ability, particularly in the timely execution of EPC contracts. We have also undertaken international projects and continue to explore further international opportunities.

Continued increase in pre-qualification thresholds

Our business and growth are significantly dependent on our ability to bid for and secure more orders in the geographies we operate in. We believe that our track record of completed projects, our existing portfolio and our financial performance and certifications allow us to meet the qualification requirements for new projects. Bidding for such orders is dependent on various criteria, including, financial and bid capacity, pre-qualification capability, and equipment and past performance. We believe our long-standing client relations, along with pre-qualification credentials helps us in securing pre-bid qualification and in participating in various bids. We have focused on increasing these parameters and have continuously increased our bid capacity. We believe that our existing Order

Book is reflective of our ability to successfully bid and secure new projects. Further, our average project value has increased over the years from ₹ 1,788.11 crores in Fiscal 2020 to ₹ 3,113.25 crores in Fiscal 2021, an increase of 74.11%.

In the past, we were pre-qualified for a water lining project, a canal lining project and widening and constructing a high rise building, which had stringent qualification requirements. This exhibits our robust capabilities, track record and trust of the stakeholders in the industry.

Experienced and hands-on promoters

We believe that the experience and leadership of our Promoters, P. Arulsundaram and A. Nithya, is a key factor in our growth and development. Our Promoters have extensive experience of over two decades each and significant knowledge and understanding of the various business segments in which operate. Their experience has been critical in enabling us to develop relationships with our clients and for the procurement of materials. They also provide strategic guidance to our Company, while also being involved in our day to day functioning of the business. Our Managing Director, P. Arulsundaram, heads our business and is responsible for overall supervision, development and expansion of business and has been instrumental in its growth, whereas A. Nithya is our whole time director and chief financial officer responsible for overseeing our finance and day to day operations of our Company. Over the last 10 years under their leadership, our revenues have grown at a CAGR of 9.13%.

Their experience in the business segments in which we operate *viz*., infrastructure, civil and water management, including extensive knowledge of project management, is supplemented by our senior management team, which includes seasoned professionals with substantial experience.

Strong senior management expertise

Our management has significant experience of infrastructure, water management and construction sectors. They are well qualified and experienced in the industry. They are responsible for aiding our Company in carving out a niche area, capitalizing our Company's position in the industry and ensuring consistent growth in our business operations. In addition, our Board, with a strong combination of managerial acumen as well as entrepreneurial spirit, is equipped to handle complex business situations. We believe that their experience and expertise, coupled with their strong client relationships, gives us a competitive edge in the industry. By focusing on undertaking infrastructure and civil construction projects in our core areas of business, our management has led our Company to achieve strong revenue and profit growth over the last several years. We believe that our management team's dynamism and in-depth understanding of construction industry is crucial for future growth.

Strong geographic presence in Tamil Nadu

We are a company that is head quartered in Tamil Nadu with strong local roots. We started our operations in Tamil Nadu and operate across our business segments, with primary focus on government contracts. Over the years projects in Tamil Nadu have been the biggest source of our revenue and our order book. In Fiscal 2020 and Fiscal 2021, revenue from projects executed in Tamil Nadu contributed ₹ 257.07 crores and ₹ 191.25 crores, constituting 44.65% and 40.02%, respectively, of our total revenue. Further, over 75% of our current Order Book is to be executed in Tamil Nadu. In addition to Tamil Nadu, we have executed and continue to execute project in South India and have made inroads into Maharashtra and MP for geographical diversification. Further, we focus on small government projects requiring superior project execution skills with short tenure providing strong revenue visibility.

Strategies

Expanding Pan-India operational presence

We believe that infrastructure development will be a major driver for growth in the Indian construction industry in the foreseeable future due to increased levels of Government and private industry investment in infrastructure. The sector is generally perceived as being one of the key aspects responsible for propelling India's overall development and is one of the focus areas for governments. The infrastructure sector is broad based includes power, bridges, dams, roads, and urban infrastructure development. We seek to capitalize on these opportunities by leveraging our project execution track record. We plan to continue our strategy of diversifying across states and increase the number of projects executed outside Tamil Nadu for the growth of our business. We have over the years worked at developing an operational presence across the other states in South India. In addition, we have forayed into western Indian states such as Maharashtra and Gujarat and other states such as Madhya Pradesh and Jharkhand.

Set out below is the list of states in India where we are currently executing projects:

Sr. No	State	Order Book as on March 31, 2021 (%)
1.	Tamil Nadu	86.00
2.	Maharashtra	3.00
3.	Karnataka	5.00
4.	Kerala	2.00
5.	Jharkhand	1.00
6.	Gujarat	2.00
7.	Madhya Pradesh	1.00

We believe that a diversified geographic presence is natural hedge against risks in specific areas or projects and will protect us from volatilities resulting from business concentration in limited geographical areas. With our increased experience and success, our rate of expansion may increase in terms of increases in the number of new states and projects we undertake.

Augmenting focus on higher margin projects

We are significantly dependent on procuring construction projects undertaken by large companies and infrastructure projects undertaken by government, semi-government authorities and projects funded by them. We are also dependent on developing and maintaining strategic alliances with other contractors with whom we may want to enter into project-specific joint ventures or subcontracting relationships for specific projects. We will continue to develop and maintain these relationships in both the client and vendor space. We intend to establish relationships and share risks with companies whose resources, skills and strategies are complementary to our business and are likely to enhance our opportunities. Our endeavour is to grow to be amongst one of the larger players in the infrastructure and civil construction pace. We also intend to associate with larger as well as technically more complex projects. The biggest project on hand, as on April 30, 2021 is the construction of 795 ground floor dwelling units including infrastructure work in Mysore city. We intend to continue to bid for larger projects and increased scopes of work either on our own strength or in collaboration with other players in joint venture.

Increasing focus on infrastructure and water management projects

We have maintained our focus in 3 business segments, i.e., infrastructure, water management and building and while continuing to focus on irrigation and water supply, civil construction works, national highways, rural roads and other infrastructure works. Further, various initiative of Central and State Government would be extremely beneficial for our Company owing to its strategic advantage of being established and having carved its niche area. We have a mix of project duration, which provides and ensures timely inflows.

We have a mix of the projects from different segments with varied project durations. The table set out below represents the project duration across business segments and revenue therefrom:

(₹ in crores)

Project Duration	**5-10 months**	**11-15 months**	**16-24 months**	**Total**
Infrastructure	303.28	210.27	228.92	**742.47**
Civil construction	193.29	54.04	72.37	**319.7**
Water management	200.57	189.16	67.78	**457.51**
Total	**697.14**	**453.47**	**369.07**	**1,519.68**

From the above table it is evident that our major revenue is share is from the shorter tenure (5-15 months) infrastructure and water management projects. Therefore, considering the project duration, revenue margins and our past experience in project execution we intend to focus on infrastructure and water management verticals to achieve better cash flow.

Entering into joint ventures / tie-ups with larger operators

Our services are significantly dependent on winning construction projects undertaken by government authorities. Our business is dependent on developing & maintaining strategic alliances with other contractors with whom we want to enter into project-specific joint ventures or sub-contracting relationships for specific purposes. We will continue to develop and maintain these relationships and alliances. We intend to establish project-specific strategic alliances and share risks with companies whose resources, skills and strategies are complementary to our business and are likely to enhance our opportunities.

In the past we have tied up with various partners for executing upgrading of Malliyakarai – Rasipuram – Tiruchengode – Erode Road, upgrading Kanchipuram – Arakkonam -Thiruthani Road section of SH-58, upgrading Cuddalore-Madapattu section of SH 09 and other. Further, by entering into project-specific joint ventures with larger operators we will be able to bid for and undertake more, and potentially, larger projects. We also hope to seize opportunities to undertake larger projects that can match our corporate profile, project experience, execution capabilities and anticipated profit margins and gain a better understanding of the technology know how for EPC and other services that we aim to provide. We believe these joint ventures will strengthen our skillset and prepare us for the other markets and demands at a global level.

Business Operations

Description of each segment of our Company's operations

Prior to undertaking a project we enter into contracts with the project owners. The kinds of contracts that we generally execute can be classified on the basis of their nature, as lump-sum contracts, and design and build contracts:

Lump-sum contracts: Lump-sum contracts are fixed, pre-determined price contracts. In this type of a contract, we submit the contract value for the entire project and not for individual aspects of the project. While these are fixed value contracts some may have in-built provisions for escalation in the event of certain specified events occurring. This type of contract is regularly used for a variety of transactions, including construction work, consulting projects, and architectural assignments.

Design and build contracts: Under this contract, the customer provides their requirements and our Company prepares a detailed engineering design, procures all the materials and equipments and then executes the project – these are essentially turn-key projects. For projects executed under these kinds of contracts we undertake the survey, investigation, design, engineering, procurement, and construction of the proposed project.

Company bid and tendering process

Our business development head is responsible for identifying business opportunities available to us and enhancing the range and number of projects which we bid for. We enter into contracts primarily through a competitive bidding process. The Government and other clients typically advertise potential projects in leading national newspapers or on their websites. Our tendering department regularly reviews newspapers and websites to identify projects that could be of interest to us. The head of the tendering department evaluates bid opportunities and discusses internally with the top management on whether we should pursue a particular project based on various factors, including the client's reputation and financial strength, the geographic location of the project and the degree of difficulty in executing the project in such location, our current and projected workload, the likelihood of additional work, the project's cost and profitability estimates and our competitive advantage relative to other likely bidders. Once we have identified projects that meet our criteria, we submit the tender application to the client according to the procedures set forth in the document.

Our Company has a centralized tendering department that is responsible for managing the process of responding to tenders. Upon being advised of a suitable tender, the department engages in carrying out a preliminary evaluation of the proposed project, including conducting a site visit and reviewing the terms of the tender. The visit enables us to determine the site condition. Further we may also undertake local market surveys to assess the availability, rates and prices of materials, which are difficult to transport, and the availability of other resources like labour in that particular region. Cost determination, pricing and tender workings for all projects are handled by our tendering department under guidance of our top management.

Our representatives attend the pre-bid meetings convened, during which we raise any queries or requests for amendments to certain conditions of the proposed contract. Any ambiguities or inconsistencies in the document issued by the client are brought to the attention of the client for further clarification.

The tendering department invites quotations from vendors, sub-contractors and specialist agencies for various items or activities in respect of the tender. The quotations are then analysed to arrive at the cost of items included in the ‘bill of quantities’. After analysis and evaluation the estimated bid price is arrived at for the purpose of filing the tender.

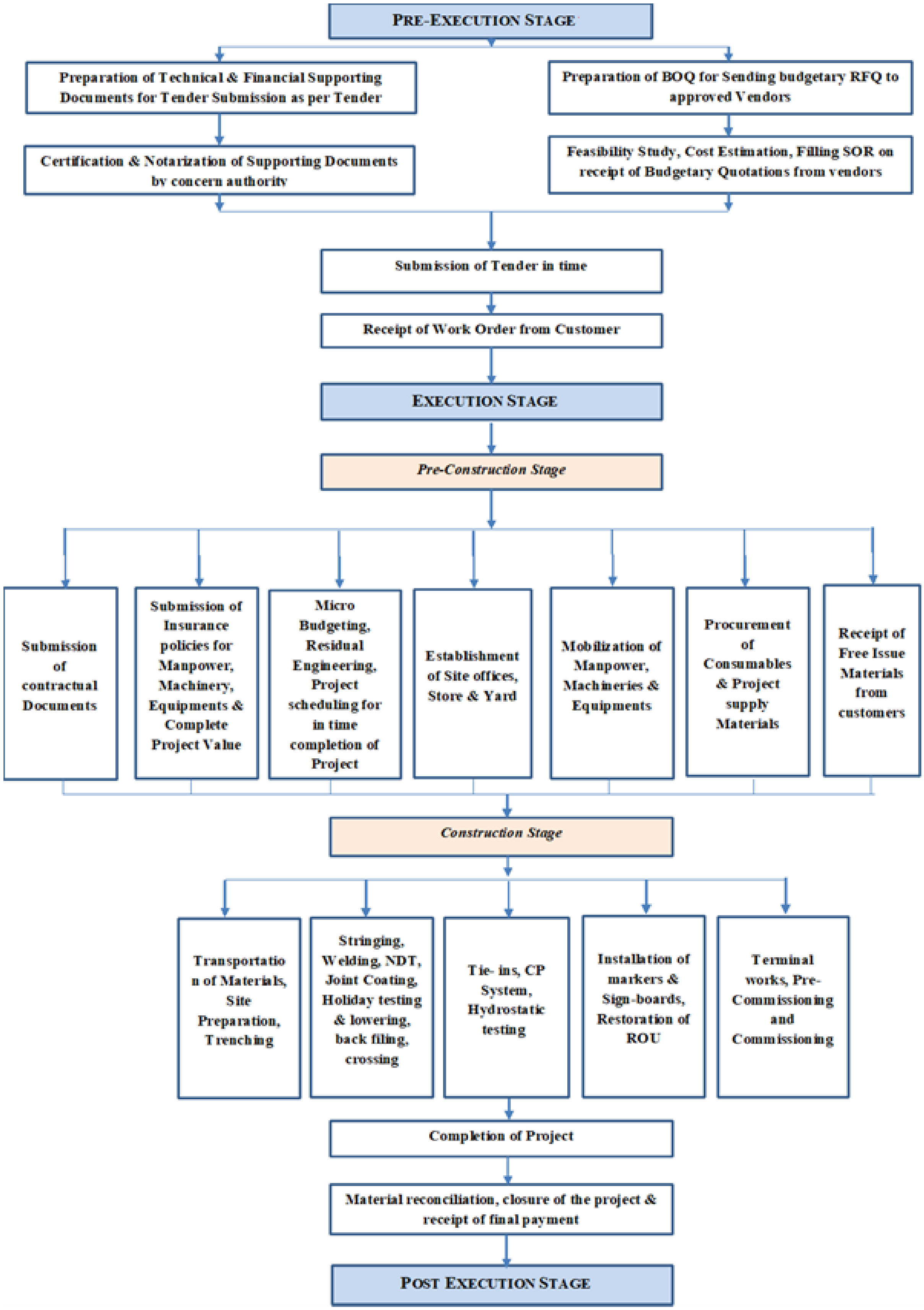
The client may choose to invite bids through a post-qualification process wherein the contractor is required to submit the financial bid along with the information mentioned above in two separate envelopes. In such a situation, the client typically evaluates the technical bid or prequalification application initially and then opens the financial bids only to those contractors who meet the stipulated criteria.

International operations

Our Company has its international presence in Sri Lanka, Bangladesh and Mauritius. We have 2 overseas subsidiaries and 2 overseas branch offices. We bid for the overseas contract through global tenders and the bid for the contract is to be generally submitted in US Dollars. On successful bidding, we focus on executing the same in the planned manner. Generally, we bid for the Government contracts overseas, therefore, ought not encounter issues pertaining to acquisition of land, procurement of licenses, supply of labour and local issues. In last 5 years we have executed 2 civil construction contracts abroad.

Project processes

Contracts are primarily awarded through competitive bidding tender method based on a combination of factors amongst which technical qualifications, proposed project team, schedule, past performance on similar projects, the bid amount are the major determining factors. Further, the graph below describes the flow of work in a detailed manner.


PRE-EXECUTION STAGE
Preparation of Technical & Financial Supporting Documents for Tender Submission as per Tender
Preparation of BOQ for Sending budgetary RFQ to approved Vendors
Certification & Notarization of Supporting Documents by concern authority
Feasibility Study, Cost Estimation, Filling SOR on receipt of Budgetary Quotations from vendors
Submission of Tender in time
Receipt of Work Order from Customer
EXECUTION STAGE
Pre-Construction Stage
Submission of contractual Documents
Submission of Insurance policies for Manpower, Machinery, Equipments & Complete Project Value
Micro Budgeting, Residual Engineering, Project scheduling for in time completion of Project
Establishment of Site offices, Store & Yard
Mobilization of Manpower, Machineries & Equipments
Procurement of Consumables & Project supply Materials
Receipt of Free Issue Materials from customers
Construction Stage
Transportation of Materials, Site Preparation, Trenching
Stringing, Welding, NDT, Joint Coating, Holiday testing & lowering, back filing, crossing
Tie- ins, CP System, Hydrostatic testing
Installation of markers & Sign-boards, Restoration of ROU
Terminal works, Pre-Commissioning and Commissioning
Completion of Project
Material reconciliation, closure of the project & receipt of final payment
POST EXECUTION STAGE

PRE-EXECUTION STAGE

Our tendering team keeps track of the tenders floated and identifies the projects suitable for our Company on the basis of project timelines, technical and financial parameters, estimation, scale of projects, etc. Further to identification of target projects, our Company refers to the pre-qualification requirements of tender bidding and ensures the fulfillment of the same. Pre-qualification requirements include financial position, location of bidder, status of completed projects, track record, etc.

After satisfying the pre-qualification requirements, our team undertakes basic feasibility study on the basis of the estimated cost involved in projects and other resources required. Our project survey team travels to the project location to identify the various aspects of the project while undertaking basic feasibility surveys / study so that estimation can be carried out based on actual site conditions/parameters. On the basis of cost estimation, we identify the ideal bidding quotation for the tenders. After estimation of cost, our team completes the details and documents as per the forms and formats provided in tender documents. Our Company also refers to the specification, drawings and bills of quantities of the projects.

The tender bid is submitted on the basis of the aforementioned studies and after clarifying any techno-commercial issues with the entity floating the tender.

PROJECT EXECUTION STAGE

After the award and acceptance of contract, our Company identifies and mobilizes the required project execution team, to look after the execution aspects of the project in the following manner:

Pre-Construction Stage

Extensive documentation and procedures for various different activities are prepared and submitted for approval to the client for effective execution, control and monitoring of the project. These documents & procedures includes but not limited to the following:

- Detailed route survey;
- Design and detailed engineering;
- Mobilization plan;
- Sub-contracting plan;
- Site organization plan;
- Quality assurance and quality control procedures;
- Reviewing proposed work schedule;
- In-depth review of the procedures required to be put in place in respect of the site activities;
- Preparation of material take over required for the project, as per scope of supply;
- Micro scheduling of construction activities; and
- Approval of vendors for materials to be supplied.

POST-EXECUTION STAGE

After completion of the work, our Company is required to provide for defect liability period as per the terms of the work contract. Upon completion of the project and processing of final bill, defect liability period commences as per the work order. The work completion certificate is issued by the client at the time of final bill and closure of the project. After completion of the defect liability period contract performance bank guarantee or retention money/ security deposit, if any, is released by the client.

Use of Technology

ERP System

With construction projects becoming more complex and desired timelines getting shorter, an increase in technology utilisation is necessary to keep up with the changing time and ever rising competition. We have ensured timely implementation of ERP system in our organization. This ERP system is made available for all the stakeholders in a project namely, designers, accountants, construction crews and others. Given the importance of collecting and storing crucial data, we have invested in sturdy equipment that is sufficiently able to withstand the different and changing weather and climatic conditions prevalent across India.

Competition

We operate in a competitive atmosphere. We compete against various local engineering, construction, and infrastructure companies in Erode. Our competition depends on various factors, such as the type of project, total contract value, potential margins, etc. While performance record, experience, technical ability, health and safety records and the availability of skilled personnel are key factors in Government contracts, price often is the deciding factor in most tender awards. Certain of our competitors may have larger financial resources or may have stronger engineering or technical capabilities in executing complex projects, or projects with certain specifications or in certain geographies. They may also benefit from greater economies of scale and operating efficiencies. Further, the premium placed on having experience may cause some of the new entrants to accept lower margins in order to secure a contract. Some of our key competitors are Annai Infra Developers Limited, P&C Projects Private Limited, Renaatus Projects Private Limited, and Ramalingam Construction Company Private Limited.

Customers

A vast majority of the projects undertaken by us are executed for government and government departments. Of these the Government of Tamil Nadu and its various departments are our primary customers.

Raw Materials

We undertake procurement of major raw materials and engineering items including cement, steel, construction chemicals, bitumen, highway and runway lighting, steel girders through a centralized system. The procurement of raw materials is undertaken on a project level with oversight through the centralised system. We acquire necessary raw materials in bulk which has brought in economies in procurement as well as developed our relationship with vendors. The requirement is processed through negotiations with the suppliers keeping in view the logistics of location of project and timing of supply. A proper inventory system is maintained to ensure the availability of material as and when required and all the materials purchased are tested before its usage.

We use a material tracking system (**MTS**) for managing our raw material procurement and inventory. The MTS is an integrated material procurement system that enables the different divisions of our Company to obtain updated information of each material procurement process. The MTS is used including at a pre-procurement stage to determine where materials can be ordered, when the orders must be placed and can be used to track the raw material until receipt at the desired location.

Orders are placed with the approved vendors for the materials required to be procured by us along with technical specifications. Before commencement of manufacturing/fabrication, the vendor submits technical documents for client approval.

The procurement team coordinates with the concerned agencies / vendors to ensure completion of manufacturing / fabrication. To ensure quality of materials / equipment, we depute specialized staff to review the process of manufacturing as per the approved quality assurance plan, and under construction stage. This stage includes project planning meetings on a regular basis to iron out the details and allocate areas of responsibility to the concerned personnel and to ensure that critical activities are monitored, and on-going and continuous quality assurance and quality control program are in place. Once the execution program is approved, the project execution team commences the implementation of the project.

Human Resources

We have put concerted efforts in talent management, strong performance management, learning and training initiatives to ensure that we consistently develop inspiring, strong, and credible leadership. As on June 30, 2021, we have work force of over 714 permanent employees out of which 399 employees are engineers. Our policies and practices are aligned with the overall organizational strategy. We have in place a well-structured out HR policy and a working environment encouraging innovation, cost reduction and a time bound completion of projects along with measures targeted to emerge as a merit driven organization.

Environmental regulations

All our contracts are required to be operated within the limits prescribed by relevant environmental and other approvals to be obtained under the applicable environmental laws. While our Company seeks to be compliant with applicable laws, and has made applications to obtain the relevant approvals in respect of certain contracts, on contracts with a shorter time frame, due to paucity of time and the time involved in obtaining approvals, we are non-compliant with applicable environmental laws.

Health and safety

We are committed to following established best practices towards and adhere to the highest safety standards across all operations. To help ensure effective implementation of our practices, at the beginning of every project we seek to identify potential material hazards, evaluate all material risks, and institute and monitor appropriate controls. We ensure that we follow applicable law and the various consents obtained by the project owner of each project that we execute.

We believe that ensuring the health and safety of our employees is critical to the successful conduct of our business and operations. We are, therefore, committed to complying with applicable health, safety and environmental regulations and other requirements in our operations.

Intellectual Property Rights

We hold one registered trademark in India, which is the logo of our Company RPP which is valid upto December 17, 2029. It is registered under Class 37 of the Trademark Rules, 2002, in respect of building construction, repair, installation services.

Insurance

We maintain a range of insurance policies to cover our assets, projects and associated risks and liabilities thereto. The policies provide appropriate coverage for our employees working at the construction site. We also have group personal accident insurance policy for our employees and workmen. For our projects, we maintain insurance cover with the appropriate endorsements and clauses. We constantly evaluate the risks in an effort to be sufficiently covered for all known risks. We also have a key man insurance policy insuring our Promoters and their family. We believe that the amount of insurance coverage presently maintained by us represents an appropriate level of coverage required to insure our business and operations and is in accordance with the industry standard in India.

CSR initiatives

We demonstrate our commitment towards our communities by committing our resources and energies to social development and other causes. For Fiscal 2021, our Company contributed ₹ 0.47 crores as part of our corporate social responsibility (**CSR**) activities. We spent our CSR funds on promoting education and environmental sustainability and the COVID-19 pandemic, through Erode Builders Education Trust and specified project on environmental sustainability, and through COVID-19 Pandemic Center, Perundurai.

Land and property

Our Company has its Registered Office at S.F.No. 454, Raghupathynaiken Palayam, Railway Colony (Post), Poondurai Road, Erode – 638 002, Tamil Nadu, India, and corporate office at MKM Chambers, No. 42, Third Floor, Kodambakkam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India. Both the properties are Leased by our Company. Additionally, our Company also enters into leases and leave and license agreements for land and building for establishing site offices, staff quarters and construction sites from time to time. Further, the details of the properties owned / leased by our Company are provided herein below:

Sr. No	Property Description	Owned/Leased
1.	Registered Office at S.F.No. 454, Raghupathynaiken Palayam, Railway Colony (Post), Poondurai Road, Erode – 638 002, Tamil Nadu, India.	Leased
2.	Corporate Office at MKM Chambers, No. 42, Third Floor, Kodambakkam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India.	Leased
3.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village admeasuring 8 acres and 7 cent.	Owned
4.	Vacant Dry Land at Erode Registration District, Surampatti Sub-registration Erode Taluk, Surampatti Village, Surampatti 3rd Grade Municipality Limit admeasuring 3 Acres and 02 cent.	Owned
5.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No. 190/2B (admeasuring 49 cents), Survey No.191/2C (admeasuring 21 cents), Survey No.192/7A (admeasuring 67 cents), Survey No.191/2D (admeasuring 55 cents), Survey No.191/2A (admeasuring 37 cents) and Survey No.191/1 (admeasuring 2 acres and 67 cents)	Owned
6.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.198/7 admeasuring 5 acres and 49 cent.	Owned
7.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.198/2 (admeasuring 1 acres and 86 cent), Survey No.198/3 (2 acres and 20 cent), Survey No.198/ (admeasuring 26 cent), Survey No.196/3 (admeasuring 38 cent), Survey No.193/6 (admeasuring 38 cent) and Survey No.203/3 (admeasuring 1 acres and 27 cent).	Owned
8.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.205/1	Owned

Sr. No	Property Description	Owned/Leased
	(admeasuring 3 acres and 21 cent) and Survey No.205/2 (admeasuring 2 acres and 47 cent).	
9.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.205/4 (admeasuring 1 acres and 54 cent), Survey No.205/5 (admeasuring 2 acres and 12 cent) and Survey No.206/8 (admeasuring 1 acres and 70 cent).	Owned
10.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.197/3 (admeasuring 1 acres and 12 cent), Survey No.205/3 (admeasuring 1 acres and 62 cent), Survey No.206/10 (admeasuring 1 acres and 06 cent), Survey No.206/4A (admeasuring 42 cent) andSurvey No.206/6 (admeasuring 77 cent).	Owned
11.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.189/8B (admeasuring 55 cent) Survey No.206/2A (admeasuring 79 cent), Survey No.206/2B (admeasuring 1 acres and 98 cent) and Survey No.204/2 (admeasuring 2 acres and 38 cent).	Owned
12.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village, Survey No.191/3A (admeasuring 2 acres and 91 cent), Survey No.191/1A (admeasuring 91 cent), Survey No.198/7 (admeasuring 1 acres and 27 cent) and Survey No.192/1B (admeasuring 28 cent).	Owned
13.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.203/5 (admeasuring 51 cent), Survey No.208/5A (admeasuring 91 cent), Survey No.207/7 (admeasuring 2 acres and 56 cent), Survey No.214/1 (admeasuring 47 cent) and Survey No.208/5B (admeasuring 61 cent).	Owned
14.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.198/1 (admeasuring 1 acres and 99 cent), Survey No.202/2 (admeasuring 2 acres and 51 cent) and Survey No.191/5 (admeasuring 80 cent).	Owned
15.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.206//4B (admeasuring 1 acres and 73 cent), Survey No.207/5B (admeasuring 51 cent), Survey No.208/6B (admeasuring 30 cent), Survey No.189/8B (admeasuring 54 cent), Survey No.192/4B (admeasuring 22 cent), Survey No.212/3A (admeasuring 75 cent), Survey No.202/1 (admeasuring 90 cent).	Owned
16.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.204/3 (admeasuring 3 acres and 31 cent), Survey No.202/4 (admeasuring 43 cent), Survey No.203/6 (admeasuring 60 cent) and Survey No.206/3 (admeasuring 89 cent).	Owned
17.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.189/1 (admeasuring 63 cent), Survey No.191/6 (admeasuring 51 cent), Survey No.192/7G (admeasuring 25 cent), Survey No.192/7H (admeasuring 10 cent), Survey No.192/8 (admeasuring 1 acres and 52 cent), Survey No.202/3 (admeasuring 44 cent), Survey No.203/4 (admeasuring 88 cent) and Survey No.203/7 (98cent).	Owned
18.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.197/1	Owned

Sr. No	Property Description	Owned/Leased
	(admeasuring 75 cent), Survey No.197/2 (admeasuring 62 cent), Survey No.197/4B (admeasuring 2 acres and 96 cent), Survey No.198/4 (admeasuring 61 cent) and Survey No.198/7B (admeasuring 44 cent).	
19.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.189/2 (admeasuring 70 cent), Survey No.189/4 (admeasuring 1 acres and 47 cent), Survey No.189/5 (admeasuring 1 acres and 85cent), Survey No.198/2 (admeasuring 1 acres and 86 cent) and Survey No.198/3 (admeasuring 2 acres and 20 cent).	Owned
20.	Vacant Dry Land at Ramanathapuram Registration District, Kamuthi sub-Registration District, Kamuthi Taluk, Kamuthi Village bearing Survey No.189/8C (admeasuring 11 cent), Survey No.197/4A (admeasuring 37 cent), Survey No.196/1 (admeasuring 81 cent), Survey No.191/7 (admeasuring 1 acres and 91 cent), Survey No.198/3 (admeasuring 2 acres and 20 cent) and Survey No.196/4 (admeasuring 1 acres and 72 cent).	Owned

Plant and machinery

We have invested in a large fleet of modern construction equipment including crushers, hot mix plant, pavers, excavators, dumpers, dozers and cranes, we are able to dispatch our modern construction equipment to worksites where they can be utilized at an efficient level without delay. With high control and availability of our modern construction equipment, we can take measures to use and maintain our fleet of modern construction equipment to improve our efficiency and profitability and decide the usage of our modern construction equipment pursuant to the needs of our projects. We have key equipments that are required for smooth execution of the contracts and for avoiding dependency on the leased or rented equipments. List of major equipments that are owned by us as on May 31, 2021 is as follows:

Sr. No	Name and Model of Equipment	Manufacturer	Year of Manufacture
1.	JCB 215 LC NXT	JCB India Limited	2020
2.	JCB 8	JCB India Limited	2018
3.	JCB 9	JCB India Limited	2018
4.	JCB 4DX	JCB India Limited	2020
5.	JCB 116D	JCB India Limited	2020
6.	Paver – 1	KYB Conmat Private Limited	2021
7.	Paver – 2	KYB Conmat Private Limited	2021
8.	Paver – 3	KYB Conmat Private Limited	2021
9.	Paver – 4	KYB Conmat Private Limited	2021
10.	Ace Crane	Action Construction Equipment Limited	2020
11.	Yodha – 1	Tata Motors	2021
12.	Yodha – 2	Tata Motors	2021
13.	Backhole Loader – 1	Tata Hitachi Shinrai	2021
14.	Backhole Loader – 1	Tata Hitachi Shinrai	2021
15.	Genset - 35 kva	KOEL	2021
16.	Genset - 35 kva	KOEL	2021
17.	Genset - 35 kva	KOEL	2021
18.	Genset - 400 kva	KOEL	2018
19.	Genset - 600 kva	KOEL	2018
20.	Genset - 600 kva	KOEL	2018

Sr. No	Name and Model of Equipment	Manufacturer	Year of Manufacture
21.	Grader	Liugong India Private Limited	2018
22.	Writgen Paver	Writgen India Private Limited	2018
23.	Kleeman cone	Writgen Kleeman	2018
24.	Ace Crane – I	Action Construction Equipment Limited	2019
25.	Ace Crane – II	Action Construction Equipment Limited	2019
26.	Batching Plant	Siemens	2018
27.	Hitachi Zaxis 120 III	Tata Hitachi	2017
28.	Sarvesh Two Wheel Drive	Tata Hitachi	2017
29.	Sarvesh Four Wheel Drive	Tata Hitachi	2017
30.	Wheel Loader	XCMG	2018
31.	Puzzalona Crusher	Puzzalona	2018
32.	Self Loader	Schwing Setter India Private Limited	2020
33.	Allend Build Power Paver	Power Payer	2016
34.	Pick-up Vehicle	Mahindra	2021
35.	Ex 220 I	Tata Motors	2018
36.	Ex 220 II	Tata Motors	2018
37.	Tipper – I	Tata Motors	2018
38.	Tipper – II	Tata Motors	2018
39.	Tipper – III	Tata Motors	2018
40.	Tipper – IV	Tata Motors	2018
41.	Tipper – V	Tata Motors	2018
42.	Tipper – VI	Tata Motors	2018
43.	Tipper – VII	Tata Motors	2018
44.	Tipper – VIII	Tata Motors	2018
45.	Tipper – IX	Tata Motors	2018
46.	Tipper – X	Tata Motors	2018
47.	Tipper – XI	Tata Motors	2018
48.	Tipper – XII	Tata Motors	2018
49.	Tipper – XIII	Tata Motors	2018
50.	Tipper – XIV	Tata Motors	2018
51.	Tipper – XV	Tata Motors	2018
52.	Tipper – XVI	Tata Motors	2018
53.	Tipper – XVII	Tata Motors	2018

Equipment management system

We have installed equipment management system at our worksites to ensure optimum utilisation of machinery and other equipment. This will aide in enhancing the productivity and keep the costs under check. We believe that equipment monitoring is a crucial function at the construction site. The system also aides in maintaining accuracy across construction sites and acts as a time saving tool, which in stark contrast to the traditional low-tech method which results in lack of reliability. This system also enables work team to interactively track what is happening on each equipment like their mileage, cost of diesel per unit of activity. The system also provides a monthly equipment utilization report, allowing us to see performance, efficiency, hours, and instances of machine misuse. Therefore, reducing excessive idling has reduced operating costs for fuel consumption and maintenance and has also helped us to increase a machine's resale value because a machine with less idle time will accumulate fewer hours.

Infrastructure and utilities

Electricity

As a construction company, we are executing projects in different geographical locations and most of our work sites are spread over large stretches of land. Therefore, we rely on the local government for procuring utilities like electricity and pipeline shifting. We depend on the respective state government for the electricity supply, and we also use diesel generator sets for the power on construction sites. Presently, we are not opting for energy trading arrangements as our average running time of project execution is less than 3 years in a place and our electricity utilisation is also reasonably low.

Water

Generally, we depend on the water extracted from borewell, or we have to procure water from nearby sources.

Impact of the COVID-19 pandemic

We reported a mixed performance, with nominal changes in revenue and reduced profitability owing to the severe impact caused by the initial fear of the pandemic, coupled with lockdown and restriction imposed post the second week of March, 2020. While the COVID-19 pandemic related lock-downs and restrictions were gradually eased over the next 12 months, there were disparate State and local restrictions which continued. Further, the second wave of the COVID-19 pandemic has also had an adverse impact on our operations. Considering the pandemic, we decided to conserve revenue to maintain liquidity and hence decided against recommending dividend for the financial year ending March 31, 2021. Our Promoters have also provided funding to our Company to meet the requirement of funds. For further details on our financial performance in Fiscal 2021, please see the chapter entitled *'Management's Discussion and Analysis of Financial Condition and Results of Operation' beginning* on page 200.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not less than 3 Directors and not more than 15 Directors. As on the date of this Draft Letter of Offer, we have 6 Directors on our Board comprising of 2 Executive Directors (including 1 woman director), 3 Independent Directors and 1 Non-Executive Director. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act, 2013 and the SEBI Listing Regulations.

The following table sets forth details regarding our Board as on the date of this Draft Letter of Offer:

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other Directorships
Name: P. Arulsundaram ***Designation****:* Chairman and Managing Director ***Address****:* No. 11, Raghupathy Naikenpalayam, Aanaikalpalayam Railway Colony P.O., Lakkapurampudur, Lakkapuram, Erode – 638 002, Tamil Nadu ***Date of Birth:*** April 20, 1966 ***Occupation****:* Business ***Nationality****:* Indian ***Term****:* April 1, 2020 to March 31, 2023 ***DIN****:* 00125403	56	• *Lunkar Finance Private Limited* • *Sanskar Dealcom Private Limited* • *Greatful Mercantile Private Limited* • *SPAC Terminal Market Complex Limited* • *RPP Stocks and Securities Private Limited* • *Arve Impex Private Limited* • *Dexerity KPO Services Limited* • *Supreme Poultry Private Limited*
Name: A. Nithya ***Designation****:* Whole-time Director ***Address****:* No. 11, Raghupathy Naikenpalayam, Aanaikalpalayam Railway Colony P.O., Lakkapurampudur, , Lakkapuram, Erode – 638 002, Tamil Nadu ***Date of Birth:*** March 11, 1973 ***Occupation****:* Business ***Nationality****:* Indian ***Term****:* April 1, 2020 to March 31, 2023	48	• *Lunkar Finance Private Limited* • *Sanskar Dealcom Private Limited* • *Greatful Mercantile Private Limited* • *SPAC Terminal Market Complex Limited* • *RPP Stocks and Securities Private Limited* • *Arve Impex Private Limited* • *Dexterity Business Analysts Private Limited* • *Supreme Poultry Private Limited* • *RPP-Annai (JV) Private Limited* • *Nirara Shelters LLP (designated partner)*

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other Directorships
***DIN**:* 00125357		
Name: K. Rangasamy ***Designation**:* Independent Director ***Address**:* 11, Chetti Thottam Pudur, Vazhai Thotham PO, Sivagiri (TP), Erode– 638 109, Tamil Nadu ***Date of Birth:*** September 15, 1953 ***Occupation**:* Project Management Consultant ***Nationality**:* Indian ***Term**:* November 14, 2016 to November 13, 2021 ***DIN**:* 07103549	68	• *Erode Precision Farm Producer Company Limited* • *Yelahanka – AP Border Tollways Private Limited*
Name: P. Muralidasan ***Designation**:* Non-Executive Director ***Address:*** 1A, A-Block, Kumaran Towers, Perundurai Road, Thindal (Kel), Erode – 638 012, Tamil Nadu. ***Date of Birth:*** August 3, 1964 ***Occupation**:* Businessman ***Nationality**:* Indian ***Term**:* Liable to retire by rotation ***DIN**:* 01771215	57	• *Lunkar Finance Private Limited*
Name: P. R. Sundararajan ***Designation**:* Independent Director ***Address**:* D No 13/141, K. Pallipatti Kattuvalvu, Kachuppalli, Edapaddi, Salem, Tamil Nadu – 637 102 ***Date of Birth:*** May 21, 1958 ***Occupation**:* Retired Professional ***Nationality**:* Indian ***Term**:* November 14, 2016 to November 13, 2021	63	***Nil***

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other Directorships
***DIN**:* 07647740		
Name: R. Kalaimony ***Designation**:* Independent Director ***Address**:* Plot 47, Veenus Colony, 3rd Street, Annanagar Extension, Velachery, Chennai– 600 042, Tamil Nadu ***Date of Birth:*** June 4, 1964 ***Occupation**:* Project Management Consultant ***Nationality**:* Indian ***Term**:* November 14, 2019 to November 13, 2024 ***DIN**:* 08551489	57	***Nil***

Confirmations

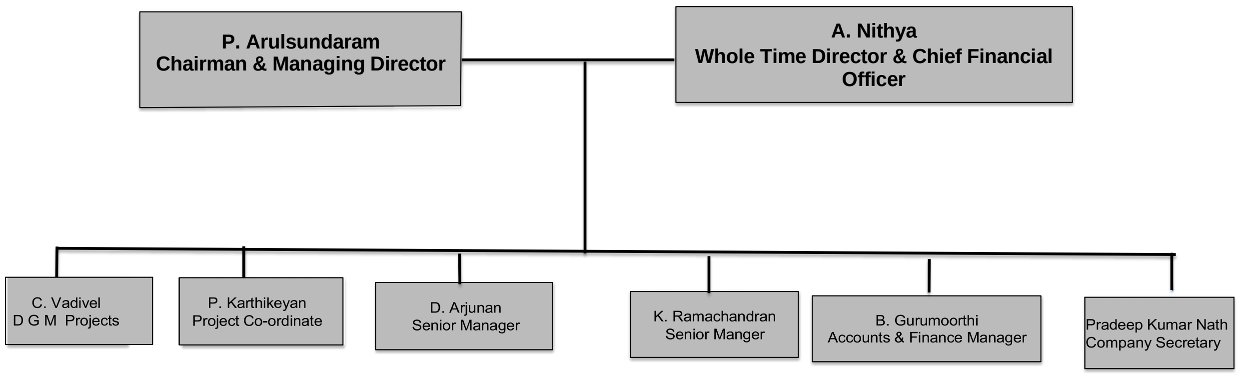
None of our Directors is, or was, a director of any listed company during the last 5 years preceding the date of filing of this Draft Letter of Offer, whose shares have been, or were suspended from being traded on any of the Stock Exchanges during the term of their directorship in such company.

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 10 years immediately preceding the date of filing of this Draft Letter of Offer.

Details of key management personnel and senior management personnel

Sr. No	Name of key management personnel and senior management personnel	Designation	Date of appointment (or re-appointment as the case may be)
Key Management Personnel			
1.	P. Arulsundaram	Managing Director	April 1, 2020
2.	A. Nithya	Chief Financial Officer	June 30, 2014
3.	Pradeep Kumar Nath	Company Secretary and Compliance Officer	June 30, 2020
Senior Management Personnel			
4.	C. Vadivel	DGM – Projects	April 2, 2012
5.	D. Arjunan	Senior Manager	April 12, 2012
6.	P. Karthikeyan	Project Co-ordinator	April 1, 2008
7.	K. Ramachandran	Senior Manager	April 4, 2011
8.	B. Gurumoorthi	Manager – Finance	September 7, 2005

Current organizational structure



SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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CA.S.N. DURAISWAMY B.Com., F.C.A., D.I.S.A., (ICAI)

Chartered Accountant

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF R.P.P. INFRA PROJECTS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the accompanying consolidated financial statements of R.P.P. Infra Projects Limited ("the Holding Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid consolidated 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 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 consolidated state of affairs of the Group as at March 31, 2021, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and it's consolidated cash flows for the year ended on that date.

Basis for Opinion

I conducted my audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to my audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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ERODE-1
M.No.
26893
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I have determined the matters described below to be the key audit matters to be communicated in my report.

S.No	Key Audit Matter	Auditor's Response
1.	**<u>Revenue recognition in accordance with Ind AS 115 "Revenue from Contracts with Customers"</u>** The Company inter alia engages in Fixed-price development contracts, where, revenue is recognized using the percentage of completion computed as per the input method based on management's estimate of contract costs. (Refer Notes No. 27 to the Standalone Financial Statements) I identified revenue recognition of fixed price development contracts as a KAM considering – • There is an inherent risk around the accuracy of revenues given, the customised and flexible nature of these contracts in terms of tenure of the projects. • Application of revenue recognition accounting standard is complex and involves a number of key judgments and estimates including estimating the future cost-to-completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation; • These contracts may involve onerous obligations on the Company that require critical estimates to be made by management; and • At year-end a significant amount of work in progress (Contract assets and liabilities) related to these contracts is recognised in the balance sheet.	**<u>My audit procedures on revenue recognized from fixed price development contracts include</u>** • Understanding of the systems, processes and controls implemented by management for recording and calculating revenue and work-in-progress/Contract assets. • On selected samples of contracts, I tested that the revenue recognized is in accordance with the accounting standard by – ➢ Evaluating the performance obligation; ➢ Testing management's calculation of the estimation of contract cost and onerous obligation, if any. I: ❖ Observed that the estimates of cost to complete were reviewed and approved by appropriate levels of management; ❖ Performed a retrospective review of costs incurred with estimated costs to identify significant variations and verify whether those variations have been considered in estimating the remaining costs to complete the contract; and ❖ Assessed the appropriateness of work in progress (contract assets) in balance sheet by evaluating the underlying documentation to identify possible delays in achieving milestones which may require change in estimated costs to complete the remaining performance obligations.

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	Evaluation of Going Concern assumption of accounting :	Our procedures in relation to evaluation of going concern included the following:
2	The evaluation of the appropriateness of adoption of going concern assumption for preparation of these financial statements performed by the management of the Group is identified as a key audit matter . The Group has prepared future cash flow forecasts which involves judgement and estimation of key variables and market conditions including future economic conditions on account of prevailing global pandemic COVID-19 The Group is confident that the net cash inflows from operating activities in conjunction with the available line of credit and normal cyclical nature of working capital receipts and payment will provide sufficient liquidity to meet its financial obligation as the fall due for the following twelve months. Hence, these financial statements have been prepared adopting the going concern assumption.	• Obtained an understanding of the process followed by the management and tested the internal controls over the liquidity assessment, compliance with the debt covenants and preparation of the cash flow forecast, and validation of the assumptions and inputs used in the model to estimate the future cash flows. • Tested the inputs and assumptions used by the management in the cash flow forecast against historical performance, budgets, economic and industry indicators, publicly available information, the Group's strategic plans and benchmarking of key market related conditions. • Assessing the key assumptions including those pertaining to revenue and the timing of significant payments in the cash flow forecast for the following eighteen months. • Performed sensitivity analysis on key assumptions like input prices, discount rate and selling prices to determine their impact on the projections of future cash flows also on any possible cash outgo for securing the extension of the Rajasthan oil and gas block. • Compared the details of the Group's long-term credit facilities to the supporting documentation. • Assessed the disclosures made by the Group in this regard.
3	**Measurement of contract assets in respect of overdue milestones and receivables in respect of overdue invoices** The Company, in its contract with customers, promises to transfer distinct services to its customers, which may be rendered in the form of engineering, procurement, and construction (EPC) services through design-build contracts, and other forms of construction contracts. The recognition of revenue is based on contractual terms, which could be based on agreed unit price or lump-sum revenue arrangements. At each reporting date, revenue is accrued for costs incurred against work performed that may not have been invoiced. Identifying whether the Company's performance has resulted in a service that would be billable and collectable where the works carried out have not been acknowledged by customers as of the reporting date, or in the case of certain defence contracts, where the evidence of work carried out and cost incurred are covered by confidentiality arrangements, involves a significant amount of judgment. Assessing the recoverability of contract assets related to overdue milestones and amounts overdue against invoices raised which have remained unsettled for a	The procedures performed included the following: • obtained an understanding of the Company's processes in collating the evidence supporting execution of work for each disaggregated type of revenue; • obtained an understanding of the Company's processes in assessing the recoverability of amounts overdue and process over estimating the expected credit loss allowance; • tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the provisioning model; • evaluated controls over authorisation and calculation of provisioning model; • evaluated the delivery and collection history of customers against whose contracts un-invoiced revenue is recognised; • verified for the sample selected, receipts post balance sheet date upto the approval of the financial statements by the Board of Directors of the Parent Company; • performed an overall assessment of the expected credit loss provision to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment; and • tested the appropriateness of the disclosures in the financial statements to ensure compliance with Ind AS 115

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	significantly long period after the end of the contractual credit period also involves a significant amount of judgment.	
	Refer to Note No. 2.14(i) and Note No.28 of the consolidated financial statements	
4	**Physical verification of Inventory** The Company's management conducts physical verification of inventories during the year at reasonable intervals, however, on account of the COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations. Management has carried out other procedures to validate the existence of its inventory as at the year-end, such as carrying out consumption analysis, and performing roll-back procedures from the subsequent year end physical verification date to determine the quantities of the inventory at the balance sheet date. Refer Note No. 2.03 of the consolidated financial statements	The procedures performed included the following: • Understood the process and tested the management's internal controls to establish the existence of inventory in relation to the process of periodic physical verification carried out by the management, the scope and coverage of the periodic verification programme, the results of such verification including analysis of discrepancies, if any; • At selected locations subsequent to year-end, where the management appointed third party independent chartered accountants to perform physical verification, sent instructions to the third party chartered accountants to carry out the physical verification and provided samples to be verified by them. We have received the report of the physical verification carried out by the third party independent chartered accountants. Obtained the roll back procedures performed by the management from the subsequent year-end physical verification date to arrive at the quantities as at the balance sheet date. Traced the samples physically verified by the third party independent chartered accountants roll back workings provided by the management. • Inspected, for samples selected, supporting documentation relating to purchases and consumption, and such other third party evidences where applicable. • Tested the analytical reviews performed by the Company such as consumption analysis.
5	**Claims and exposures relating to taxation and litigation** The Group is subject to a large number of tax and legal disputes, which have been disclosed / provided for in the financial statements based on the facts and circumstances of each case. Taxation and litigation exposures have been identified as a key audit matter due to the complexities involved in these matters, timescales involved for resolution and the potential financial impact of these on the financial statements. Further, significant management judgement is involved in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed.	Our audit procedures included the following: • Gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. • For selected controls we have performed tests of controls. • Obtained the summary of Group's legal and tax cases and critically assessed management's position through discussions with the Legal Counsel, Head of Tax and operational management, on both the probability of success in significant cases, and the magnitude of any potential loss. • Examined external legal opinions (where considered necessary) and other evidence to corroborate management's assessment of the risk profile in respect of legal claims. • Assessed the relevant disclosures made within the financial statements to address whether they reflect the facts and circumstances of the respective tax and legal exposures and the requirements of relevant accounting standards. • Assessed the competence and objectivity of the Group's experts, to satisfy ourselves that these parties are suitable in their roles.

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We have determined that there are no other Key Audit Matters to communicate in our report.

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

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and my auditors' report thereon.

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

In connection with my audit of the standalone financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I have required reporting that fact. I have nothing to report in this regard.

Management's Responsibilities for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

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

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 consolidated financial statements.

CA.S.N. DURAISWAMY CHARTERED ACCOUNTANT ERODE-1 M.No. 26599

As part of an audit in accordance with SAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, I am also responsible for expressing my 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 the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its joint operations to express an opinion on the standalone financial statements. I am responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the standalone financial statements of which I am the independent auditor. For the other entities included in the standalone financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

Emphasis of Matter

I invite attention to:

a. The mobilisation advance received by the Company from certain departments and the proportionate amount which has to be classified as GST liability has been shown as mobilisation advance liability to the extent of Rs. 1.99 Crores (Refer Note No. 25).

   My Opinion is not modified in respect of this matter

b. I draw attention to note No.2.03(viii) of the Standalone financial statements in which the company describes the uncertainties arising from the Covid-19 Pandemic.

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My report is not modified in respect of this matter

Other Matters

I did not audit the financial statements of Two branches and Six jointly controlled operations included in the standalone financial results of the Company, whose results reflect total assets of Rs. 51.06 crores as at 31st March, 2021 and total revenues of Rs. 145.94 crores and Rs.45.93 crores, net profit/(Loss) after tax of (Rs.3.48 crores) and Rs.(0.41 crores) and total comprehensive income of Rs. Nil for the year ended March 31st 2021 and for the period 01.01.2021 to 31.03.2021 respectively , and net cash flows amounting to Rs.55.45 crores for the year then ended as considered in the consolidated Financial Results. These branch financial statements have not been audited by other Auditors whose reports and These JV's financial statements have been audited by other Auditors whose reports have been furnished to me by the Management and my opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by me are as stated in paragraph above.

I did not audit the financial statements of six Subsidiaries, one Associate, two branches and Six jointly controlled operations included in the consolidated quarterly financial results and year to date results, whose consolidated financial statements reflect total assets of Rs.633.77 crores and net assets of Rs.45.19 crores as at March 31, 2021, total revenue of Rs.181.17 crores and Rs.54.93 crores and total net profit/(loss) after tax of (Rs.10.51) crores and (Rs.0.82) crores, and total comprehensive income/(loss) of (Rs.7.00) crores and (Rs.7.00) crores for the year ended 31st March, 2021 and for the period January 01, 2021 to March 31, 2021 respectively and cash flows (net) of Rs.55.31crores for the year ended March 31, 2021, as considered in the consolidated financial results. Out of six subsidiaries, two branches, one associate and six jointly controlled operations, the interim financial statements and other financial information of Four subsidiaries, six jointly controlled operations have been audited by other auditors whose reports have been furnished to me, and my opinion on the quarterly financial results and the year to date results, to the extent they have derived from such interim financial statements is based solely on the report of such other auditor. In respect of the financial statements of two of subsidiaries RPP Infra Overseas PLC Mauritius, RPP Infra Projects (Lanka) Limited, one associate R.P.P Infra Projects Myanmar Ltd and branch offices at Jaffna -Srilanka and at Dhaka - Bangladesh, the audited statements were not made available and reliance has been entirely placed only on the certificate by the management.

My opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to my reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

The Consolidated financial results include the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year and published unaudited year to date figures up to the third quarter of the current financial year, which were subject to limited review by me.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, I report, to the extent applicable, that:

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(a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit of the aforesaid consolidated financial statements.

(b) In my opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from my examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In my opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls; refer to my separate report in Annexure-A, which is based on the auditor's report of the company and its subsidiary companies incorporated in India. My audit report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the company and its subsidiary companies incorporated in India.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 42 to the consolidated financial statements.

ii. The Group does not have any material foreseeable losses on long-term contracts including derivative contracts.

iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled companies incorporated in India..

CA S.N. Duraiswamy

Chartered Accountant

S.N. DURAISWAMY CHARTERED ACCOUNTANT ERODE-1 M.No: 26599

Place : Erode

Date : 01 Jun 2021

Membership No. : 026599

UDIN :21026599AAAADT8001

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ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

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

I have audited the internal financial controls over financial reporting of RPP Infra Projects Limited as of March 31, 2021 in conjunction with my audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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. 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 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.

Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be 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 I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence i have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting, except relating to the branches in Srilanka and Bangladesh.

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

C.A.S.N. DURAISWAMY ERODE-1 M.No: 26599 CHARTERED ACCOUNTANT

CA.S.N. DURAISWAMY B.Com., F.C.A., D.I.S.A., (ICAI)

Chartered Accountant

Cell : 9443910988
7, Kandappa Lane,
Opp. Brough Road Telephone Bhawan,
Near Iswariyaa Hotel,
Erode - 638001.

Tel : 0424-2264488 Resi : 0424-2400188 e-mail : casndero@yahoo.co.in

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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 my opinion, to the best of the information and explanations given to me, except relating to the branches in Srilanka and Bangladesh for which i have neither audited nor received an Independent Auditor's report on the same, 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, 2021 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.

CA S.N. Duraiswamy

Chartered Accountant

C.A.S.N. DURAISWAMY ERODE-1 M.No: 26599 CHARTERED ACCOUNTANT

Place : Erode

Date : 01 Jun 2021

Membership No. : 026599

UDIN :21026599AAAADT8001

RPP INFRA PROJECTS LIMITED
CIN : L45201TZ1995PLC006113
Reg. Off. : SF No. 454, Raghupathynaicken Palayam, Poondurai Main Road, Email : ipo@rppipl.com, website: www.rppipl.com

Consolidated Balance Sheet as on 31st March 2021

Particulars	Note Number	As at 31st March 2021 (` In Crores)	As at 31st March 2020 (` In Crores)
Assets			
Non-current assets			
Property, plant and equipment	3	47.00	47.68
Capital work in progress	4	4.08	3.91
Other Intangible assets	5	0.01	0.26
Goodwill		0.32	0.27
Financial assets		0.00	0.00
Investments	6	0.07	0.09
Long Term Loans & Advances	7	9.22	2.45
Deferred Tax Asset	8	0.00	0.00
Other Non-Current Assets	9	4.48	3.34
Total		**65.18**	**58.00**
Current assets			
Inventories	10	11.45	24.31
Financial assets		0.00	0.00
Investments	6	0.00	0.00
Trade Receivables	11	156.03	164.37
Cash and Cash equivalents	12	107.28	51.97
Short Term Loans & Advances	13	33.00	36.81
Other Financial Asset	14	147.78	142.97
Other Current Assets	15	101.57	110.15
Current Tax Assets (net)	27	11.46	0.00
Total		**568.58**	**530.57**
Total assets		**633.77**	**588.57**
Equity and liabilities			
Equity			
Equity Share Capital	16	23.65	22.60
Share Warrant		6.64	0.00
Other Equity	17	256.17	239.12
Equity Attributable to the Shareholders of the Company		286.47	261.72
Non Controlling Interests		-0.01	0.00
Total equity		**286.46**	**261.72**
Non-current liabilities			
Financial liabilities			
Borrowings	18	57.96	34.45
Other Financial Liabilties	20	6.70	0.00
Deferred Tax Liability (Net)	8	0.01	0.88
Provisions	21	0.30	0.20
Total		**64.97**	**35.53**
Current liabilities			
Financial Liabilities			
BorrowingsS	22	42.91	49.93
Trade payables		0.00	0.00
(a) Total outstanding dues of micro enterprises & small enterprises	23	0.00	0.63
(b) Total outstanding dues of creditors other than micro enterprises & small enterprises	23	130.65	114.72
Other current financial liabilities	24	87.03	101.52
Other Current Liabilities	25	13.19	17.21
Short Term Provisions	26	2.47	2.43
Current Tax Liabilities (Net)	27	6.08	4.87
Total		**282.33**	**291.32**
Total liabilities		**347.30**	**326.85**
Total equity and liabilities		**633.77**	**588.57**
Summary of significant accounting policies	1&2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

CA S N DURAISWAMY
Membership No. :026599

On behalf of Board of Directors

P. ArulSundaram
Chairman & Managing Director
DIN: 00125403

A. Nithya
Whole Time Director & Chief Financial Officer
DIN: 00125357

Pradeep Kumar Nath
Company Secretary
M.No: 40148

Date : 01.06.2021
Place :Erode

CA.S.N. DURAISWAMY, B.Com., F.C.A., D.I.S.A.,(ICAI),
CHARTERED ACCOUNTANT,
7,KANDAPPA LANE,
(NEAR ISWARIYAA HOTEL)
ERODE - 638 001.

RPP INFRA PROJECTS LIMITED

CIN : L45201TZ1995PLC006113

Reg. Off. : SF No. 454, Raghupathynaicken Palayam,Poondurai Main Road,Email : ipo@rppipl.com, website: www.rppipl.com

Consolidated Statement of Profit and Loss for the year ended 31st March 2021

Particulars	Notes	As at 31st March 2021	As at 31st March 2020
		(` In Crores)	(` In Crores)
Revenue			
Revenue from operations	28	513.11	600.02
Other income	29	11.22	7.95
Total Income from Operations (a+b)		**524.33**	**607.96**
Expenses			
Cost of Raw materials and components Consumed	30	122.22	155.81
Direct Operating Cost	31	322.34	346.22
Employee benefits expense	32	10.94	13.41
Finance Cost	33	18.95	22.68
Depreciation and amortization expense	34	6.12	7.16
Other expenses	35	21.64	29.02
Total Expenses		**502.21**	**574.31**
Profit/(Loss) from ordinary activities before tax and exceptional items		**22.12**	**33.65**
Exceptional items		0.00	0.00
Profit / (Loss) after Exceptional Before tax		**22.12**	**33.65**
Tax Expense	36	0.00	0.00
Current Tax		7.49	9.74
Taxes of earlier years		0.00	5.62
Deferred tax		-0.86	0.14
Total Tax expense		**6.62**	**15.50**
Profit/(loss) for the year		**15.50**	**18.16**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans		0.09	-0.20
Net change in fair values of investments in equity shares carried at fair value through OCI		0.00	0.01
Income tax relating to items that will not be reclassified to profit or loss		0.00	0.05
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		0.00	0.00
Items that will be reclassified to profit or loss		0.00	0.00
Exchange differences on translation of Financial Statement of Foreign Companies		7.00	-1.17
Income tax relating to items that will be reclassified to profit or loss		0.00	0.00
Other Comprehensive Income for the year, net of tax		**7.09**	-1.31
Total comprehensive income for the year, net of tax		**8.41**	**19.47**
Profit for the Year Attributable to			
Shareholders of the Company		**8.42**	**19.47**
Non Controlling Interest		**-0.01**	**0.00**
Basic Earnings per share		**6.55**	**8.04**
Diluted Earnings per share		**6.55**	**8.04**

Summary of significant accounting policies 1&2

The accompanying notes are an integral part of the financial statements.

For and on behalf of Board of Directors

As per our report of even date

P. ArulSundaram
Chairman &
Managing Director
DIN: 00125403

A. Nithya
Whole Time Director &
Chief Financial Officer
DIN: 00125357

CA S N DURAISWAMY
Membership No. :026599

Pradeep Kumar Nath
Company Secretary
M.No: 40148

Date : 01.06.2021
Place :Erode

CA.S.N. DURAISWAMY, B.Com.,F.C.A.,
D.I.S.A.,(ICAI),
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7,KANDAPPA LANE,
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ERODE - 638 001.

RPP INFRA PROJECTS LIMITED
CIN : L45201TZ1995PLC006113
Reg. Off. : SF No. 454, Raghupathynaicken Palayam,Poondurai Main Road,Email : ipo@rppipl.com, website: www.rppipl.com

Consolidated Statement of Cash flows for the year ended 31st March 2021

	Particulars	Year ended 2020-2021 (` In Crores)	Year ended 2019-2020 (` In Crores)
	PROFIT BEFORE TAX	**22.12**	**33.65**
	NON-CASH ADJUSTMENTS TO RECONCILE PROFIT/(LOSS) BEFORE TAX TO NET CASH FLOWS		
Add:	Depreciation	6.12	7.16
Add:	Interest paid	18.95	22.68
Less:	Interest received	(2.37)	-1.60
Add:	Profit/Loss on sale of Property, Plant and Equipment	0.16	0.01
Add:	(Profit)/Loss on sale of Investment (Net)	0.02	0.00
Add:	Changes in WIP	0.94	0.00
Add:	Unrealized foreign exchange losses/(gains)	0.00	1.31
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**45.93**	**63.21**
	WORKING CAPITAL ADJUSTMENTS		
	Increase / (Decrease) in Trade payables	15.30	-15.71
	Increase / (Decrease) in Other Current Financial Liabilities	-14.49	55.63
	Increase / (Decrease) in Other Current Liabilities	-4.02	-43.69
	Increase / (Decrease) in Short Term Provisions	0.04	0.15
	Increase / (Decrease) in Current Liabilities (Net)	0.00	0.00
	(Increase) / Decrease in Trade Receivables	8.34	7.91
	(Increase) / Decrease in Inventories	12.86	-3.94
	(Increase) / Decrease in Other Non-Current Assets	-1.13	-0.43
	Increase / (Decrease) in Provisions	1.13	0.00
	(Increase) / Decrease in Long Term Loans & Advances	-6.78	-2.45
	(Increase) / Decrease in Short Term Loans & Advances	3.81	-4.93
	(Increase) / Decrease in Other Financial Assets	-4.82	27.40
	(Increase) / Decrease in Other Curent Assets	-2.88	-10.16
	Increase / (Decrease) in Other Financial Liabilties	6.70	0.00
	Increase / (Decrease) in Other Liabilites	0.10	1.04
	Increase / (Decrease) in Deferred Tax Assets / Liabilities		
Less:	Direct Taxes Paid	-15.36	-16.35
A	**Cash Flow from /(used) in Operating Activities**	**44.73**	**57.66**
	CASH FLOW FROM INVESTING ACTIVITIES		
	Proceeds from Investments	0.02	-0.01
	Payments for Purchase of Property, Plant and Equipment	-5.49	-0.88
	Interest received	2.37	1.60
B	**Cash Flow from / (used) in Investing Activities**	**-3.09**	**0.71**
	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from borrowings		
	Repayment of borrowings	16.48	-32.43
	Purchase of equity or debt instruments of other entities	7.69	0.00
	Interest paid	-18.95	-22.68
	Others	8.46	0.00
C	**Cash Flow from / (used) in Financing Activities**	**13.67**	**-55.11**
	Net increase/(decrease) in cash and cash equivalents(A+B+C)	**55.31**	**3.32**
Add:	**Cash and cash equivalents at the beginning of the period**	**51.97**	**48.65**
	Cash and cash equivalents at the end of the period	**107.28**	**51.97**

Notes:

1. Statement of cash flows has been prepared under the indirect method as set out in the IND AS 7 "Statement of cash Flows" as specified in the companies (indian accounting Standards) Rules, 2015
2. Previous year figures have been regrouped/reclassified wherever required

The accompanying notes are an integral part of the financial statements.

As per our report of even date

On behalf of Board of Directors
For RPP Infra Projects Limited

CA S N DURAISWAMY
Membership No. :026599

P. ArulSundaram
Chairman & Managing Director
DIN: 00125403

A. Nithya
Whole Time Director & Chief Financial Officer
DIN.00125357

Pradeep Kumar Nath
Company Secretary
M.No: 401148

Date :01.06.2021
Place :Erode

CA.S.N. DURAISWAMY, B.Com.,F.C.A., D.I.S.A.,(ICAI), CHARTERED ACCOUNTANT, 7,KANDAPPA [illegible], (NEAR ISWARIYAA [illegible]) ERODE - 638 001.

RPP INFRA PROJECTS LIMITED

CIN : L45201TZ1995PLC006113

Statement of Changes in Equity for the year ended 31st March 2021

a. Equity Share Capital	Number	` in Crore
Equity shares of Rs 10 each issued, subscribed and fully paid		
As at 31 March 2020	**2,26,00,584.00**	**22.60**
Issue of share capital	10,50,000.00	1.05
As at 31 March 2021	**2,36,50,584.00**	**23.65**

b. Other Equity

` (Crore)

Particulars	Share Premium	Retained Earnings	Foreign Currency Translation Reserve	Other Reserves	Total Other Equity
As at 1 April 2020	**55.86**	180.89	-	2.38	239.12
Profit for the period		15.50			15.50
Share Warrant Premium	8.40	-			8.40
Others		-13.94			-13.94
Other comprehensive income	-	7.09	-	-	7.09
As at 31st March 2021	**64.26**	**189.54**	-	**2.38**	**256.17**
As at 1 April 2019	**55.86**	**158.99**	**1.32**	**2.38**	**218.55**
Profit for the period/Others	-	**20.59**		-	**20.59**
ITSC			**-1.32**		**-1.32**
Other comprehensive income	-	**1.31**	-	-	**1.31**
As at 31st March 2020	**55.86**	**180.89**	-	**2.38**	**239.12**

As per our report of even date

CA S N DURAISWAMY
Membership No. :026599

CA.S.N. DURAISWAMY, B.Com.,F.C.A.,
D.I.S.A.,(ICAI),
CHARTERED ACCOUNTANT,
7,KANDAPPA LANE,
(NEAR ISWARIYAA HOTEL)
ERODE - 638 001.

Date :01.06.2021
Place :Erode

On behalf of Board of Directors
For RPP Infra Projects Limited

P. ArulSundaram
Chairman &
Managing Director
DIN: 00125403

A. Nithya
Whole Time Director &
Chief Financial Officer
DIN 00125357

Pradeep Kumar Nath
Company Secretary
M.No: 401148

RPP INFRA PROJECTS LIMITED
CIN : L45201TZ1995PLC006113
Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021
Note 1 : Company Overview

RPP Infra Projects Limited has been engaged in nation-building since 1995. It is engaged in construction across multiple infrastructure verticals like roads, buildings, industrial structures, power, irrigation and waste management and has executed many projects in Tamil Nadu, Karnataka and Andhra Pradesh (erstwhile) for 20 years.
The company has the following subsidiaries which are engaged in the businesses mentioned below:
R.P.P Infra Overseas PLC and RPP Infra Projects (Lanka) Limited are engaged in the business of construction contracts and construction activities
Greatful Mercantile Private Limited and Sanskar Dealcom Private Limited are engaged in the business of other non-specialised wholesale trade.
Lunkar Finance Private Limitedis in the business of providing non-banking financial services.

Note 2 : Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements.

2.01 Statement of compliance
Recent Accounting Developments:
1) New Standards notified and adopted by the Company

MCA on 29 March 2018 notified the new standard for revenue recognition – Ind AS 115 (effective from 1 April 2018) which overhauls the existing revenue recognition standards including Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five-step application principle to be followed for revenue recognition:
a) Identification of the contracts with the customer
b) Identification of the performance obligations in the contract
c) Determination of the transaction price
d) Allocation of transaction price to the performance obligations in the contract (as identified in step b)
e) Recognition of revenue when the Company satisfies a performance obligation.
A number of other standards had been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital ,mutual fund and other similar organisations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).
None of these amendments have any material effect on the Company's financial statements.

2) Ind AS New Standard notified but not early adopted by the Company

(I) New Accounting Standard on Lease

Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019.

Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard.

The said amendment does not have any impact on the financial statements.

(II) Other amendments
Several other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include

a) business combination accounting in case of obtaining control of a joint operation;
b) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
c) income tax consequences in case of dividends;
d) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
e) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
f) accounting for prepayment features with negative compensation in case of debt instruments;
g) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
h) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

None of these amendments are expected to have any material effect on the Company's financial statements.

2.02 Basis of Preparation

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flow together with notes for the year ended March 31, 2021, have been prepared in accordance with applicable Indian Accounting Standards (Ind AS) prescribed under section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules as amended from time to time.

The Financial Statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company"s operating cycle and other criteria set out in Division II of Schedule III to the Companies Act, 2013.

Operating Cycle

Operating cycle for the business activities of the company covers the duration of the specific project/contract/product line/service including the defect liability period wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

Current and Non Current Classification

An asset is treated as current when it is:
(i) Expected to be realised or intended to be sold or consumed in normal operating cycle
(ii) Held primarily for the purpose of trading
(iii) Expected to be realised within twelve months after the reporting period, or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is treated as current when:
(i) It is expected to be settled in normal operating cycle
(ii) It is held primarily for the purpose of trading
(iii) It is due to be settled within twelve months after the reporting period, or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 under current market conditions

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
(ii) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
(iii) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

Functional and Presentation Currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

The Financial Statements are presented in Indian Rupees which is company's presentation currency. All financial information presented in Crores has been rounded to two decimals except where otherwise indicated.

2.03 Critical Accounting Judgments, Assumptions and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Assumptions and Key Sources of Estimation Uncertainty

(i) Revenue

Revenue is recognised based on the extent of progress towards completion of the performance obligation. This requires the Company to estimate total contract revenue, and remaining cost to complete the contract at the end of each reporting date. The financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, therefore recognized revenue and profit are subject to change as the contract progresses to completion.

(ii) Useful life of Property, Plant & Equipment (PPE)

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management which is reviewed at the end of each reporting period. The rate of depreciation adopted by the company has been tabulated in note 2.03

(iii) Expected Credit Loss (ECL)

Expected Credit Loss is prepared based on the historical data for the past two years with half yearly intervals and the probability of default is computed accordingly. The mechanism tries to identify the receivables which would probably result in becoming unrecoverable for the company and additional provision is created by company based on the ECL model.

(iv) Employee Benefits - Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(v) Taxation

Determining of income tax liabilities using tax rates and tax laws that have been enacted or substantially enacted requires the Management to estimate the level of tax that will be payable based upon the Group's/ expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

(vi) Fair value measurement

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 39.

(vii) Provision for contractual obligation

Assessments undertaken in recognising provisions for contractual obligation have been made as per the best judgement of the management based on the current available information.

2.04 Property, Plant and Equipment

Land and buildings, Property, Plant and Equipments held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and impairment losses, if any. Property, Plant and Equipment (PPE) in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss.

The cost of an asset comprises its purchase price or its construction cost (net of applicable tax credits), any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management and initial estimate of decommissioning, restoring and similar liabilities. Such cost includes the cost of replacing part of the plant and equipment and professional fees. Any trade discounts and rebates are deducted in arriving at the purchase price. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Parts of an item of PPE having different useful lives and significant value and subsequent expenditure on Property, Plant and Equipment arising on account of capital improvement or other factors are accounted for as separate components. All other repair and maintenance costs are recognised in profit or loss as incurred. Own fabricated assets are capitalized at cost including an appropriate share of overheads.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Depreciation on Property, Plant & Equipment

Depreciation of these PPE commences when the assets are ready for their intended use. Depreciation is provided on the cost of PPE (other than leasehold land) less their residual values, using the straight line method over the useful life of PPE as stated in the Schedule II to the Companies Act, 2013 or based on technical assessment by the Company. The Company has used the following rates to provide depreciation on its property, plant and equipment.

Particulars	Rate of depreciation
Land	0.00%
Buildings	3.00%
Plant & Machinery	4.75%
Office Equipment	6.33%
Furniture and Fixtures	6.33%
Computer	16.21%
Light Motor Vehicle	9.50%
Heavy Vehicle	11.31%

The estimated useful lives, residual values and depreciation method are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

Depreciation on additions/deletions to PPE during the year is provided for on a pro-rata basis with reference to the date of additions/deletions except low value items not exceeding Rs.5,000/- which are fully depreciated at the time of addition.

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

Depreciation on refurbished/revamped PPE which are capitalized separately is provided for over the reassessed useful life.

De-Recognition:

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised as in the Statement of Profit and Loss.

Assets not ready for the intended use on the date of the Balance Sheet are disclosed as Capital Work-in-Progress.

2.05 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The costs comprises of all cost, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible asset. Amortisation is recognised on a straight line basis over their estimated useful lives from the date of capitalisation. The estimated useful life is reviewed at the end of each reporting period and the effect of any changes in estimate being accounted for prospectively.

Computer software are amortized on a straight line basis over a period of 3 years.

De-recognition

Intangible assets is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognised in the Statement of Profit and Loss when the asset is derecognised.

2.06 Impairment of tangible and intangible assets

The Company reviews the carrying amount of its tangible and intangible assets and Property, Plant and Equipment (including Capital Works-in -Progress) of a "Cash Generating Unit" (CGU) at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and impairment loss is recognised in the Statement of Profit and Loss.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at the end of each reporting period to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of Impairment loss are recognized in the Statement of Profit and Loss.

2.07 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating leases:

(i) Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the related assets are classified as operating leases.

(ii) Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

2.08 Financial Instruments

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

2.09 Financial assets

Financial assets comprises of investments , trade receivables, cash and cash equivalents, term loans and advances and other financial assets.

(i) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and cash in hand. The Company considers all highly liquid investments with an original maturity of three months or less from date of purchase, to be cash equivalents.

(ii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

(iv) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition.

(v) Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

(vi) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

2.10 Financial liabilities

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(a) the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and

(b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

(ii) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

2.11 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of construction / raw materials comprises cost of purchases and includes taxes and duties and is net of eligible credits under CENVAT/ VAT schemes/ Input Tax Credit (ITC). It also includes all other related costs incurred in bringing the inventories to their present location and condition.

Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Cost is determined on first in first out basis. Cost of surplus/ obsolete/ slow moving inventories are adequately provided for.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.13 Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.14 Revenue recognition

(i) Construction Contracts

Revenue is measured based on the consideration specified in a contract with a customer. Company recognises revenue when or as it transfers control over a good or service to a customer.

Allocation of transaction price to performance obligations - A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue, when, or as, the performance obligation is satisfied. To determine the proper revenue recognition method, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment; some of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract.

Payment terms - Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Payment terms may either be fixed, lump-sum or driven by time and materials (i.e., daily or hourly rates, plus materials). Because typically the customer retains a small portion of the contract price until completion of the contract, our contracts generally result in revenue recognised in excess of billings which we present as contract assets on the statement of financial position. Amounts billed and due from our customers are classified as receivables on the statement of financial position. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For some contracts, we may be entitled to receive an advance payment. We recognise a liability for these advance payments in excess of revenue recognised and present it as contract liabilities on the statement of financial position. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

Warranty - Certain contracts include an assurance-type warranty clause, typically between 18 to 36 months, to guarantee that the products comply with agreed specifications.

Revenue recognised over time - Our performance obligations are satisfied over time as work progresses or at a point in time when performance obligations are fulfilled and control transfers to the customer. Typically, revenue is recognised over time using an input measure (e.g., costs incurred to date relative to total estimated costs at completion) to measure progress.

Cost-to-cost method - For our long-term contracts, because of control transferring over time, revenue is recognised based on the extent of progress towards completion of the performance obligation. Upon adoption of the new standard we generally use the cost-to-cost measure of progress for our contracts because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Any expected losses on construction-type contracts in progress are charged to earnings, in total, in the period the losses are identified. Previously, such contracts were accounted for under IAS 11 on Construction Contracts. Accordingly, revenue on ongoing contracts was measured on the basis of costs incurred and of margin recognised at the percentage of completion. Margin was recognised only when the visibility of the riskiest stages of the contract was deemed sufficient and when estimates of costs and revenue was considered to be reliable. The percentage of completion was calculated according to the nature and the specific risk of each contract in order to reflect the effective completion of the project. This percentage of completion could be based on technical milestones defined for the main deliverables under the contracts or based on the ratio between costs incurred to date and estimated total costs at completion. As soon as the estimate of the final outcome of a contract indicated a loss, a provision was recorded for the entire loss. The gross margin of a long-term contract at completion was based on an analysis of total costs and income at completion, which are reviewed periodically and regularly throughout the life of the contract. A construction contract was considered completed when the last technical milestone is achieved, which occurs upon contractual transfer of ownership of the asset or temporary delivery, even if conditional.

Right to invoice practical expedient - The right-to-invoice practical expedient can be applied to a performance obligation satisfied over time if we have a right to invoice the customer for an amount that corresponds directly with the value transferred to the customer for our performance completed to date. When this practical expedient is used, we do not estimate variable consideration at the inception of the contract to determine the transaction price or for disclosure purposes. We have contracts which have payment terms dictated by daily or hourly rates where some contracts may have mixed pricing terms which include a fixed fee portion. For contracts in which we charge the customer a fixed rate based on the time or materials spent during the project that correspond to the value transferred to the customer, we recognise revenue in the amount to which we have the right to invoice.

Contract modifications - Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Most of our contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

(ii) Other Operational Income

Other Operational Income Includes Revenue for Technical services provided and accounted on accrual basis.

(iii) Dividend Income:

Dividend income from investments is recognised when the shareholder's right to receive payment is established by the reporting date.

(iv) Interest Income

Interest income from financial assets is recognised at the effective interest rate method applicable on initial recognition.

(v) Other Income

(a) Claims were accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance.

(b) Other items of income are accounted as and when the right to receive arises.

2.15 Borrowing Costs

Borrowing costs specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

2.16 Employee Benefits

Employee benefits include salaries, wages, provident fund, employee state insurance and gratuity.

(i) Defined contribution plans

Employer's contribution to the recognized provident fund which is a defined contribution scheme and ESI Contribution as per law are charged to the Profit and Loss account.

(ii) Defined benefit plans

The Gratuity benefit is funded through a defined benefit plan. For this purpose, the Company has obtained a qualified insurance policy from Life Insurance Corporation of India.

2.17 Voluntary Retirement Scheme

Expenditure on Voluntary Retirement Scheme (VRS) is charged to the Statement of Profit and Loss when incurred.

2.18 Foreign Exchange Transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Indian Rupees, which is the Company's functional currency and the Group's presentation currency

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated using mean exchange rate prevailing on the last day of the reporting period. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise. In case of fixed assets they are adjusted to the carrying cost of such assets.

Gain/loss on foreign exchange translation at the year end is credited/debited to the Foreign Currency Translation Reserve

2.19 General Administrative Expenses

General administrative expenses which are directly attributable are allocated to activities and the balance is charged to Statement of Profit and Loss.

2.20 Income Taxes

Income tax expense represents the sum of the current tax and deferred tax.

(i) Current tax

Provision for current tax is made based on taxable income computed for the year under the Income Tax Act, 1961. Provision for current tax for the foreign subsidiaries are as in accordance with the applicable local laws

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(iii) Current and deferred tax expense for the year

Current and deferred tax expense is recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.22 Proposed Dividend

The Company has disclosed dividend, proposed by board of directors after the balance sheet date, in the notes, as provision cannot be created for dividend proposed / declared after the balance sheet date, unless a statute requires otherwise

2.22 Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

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 an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

2.23 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.24 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

2.25 Segment reporting

Operating segments are identified and reported taking into account the different risks and returns, the organization structure and the internal reporting systems.

As per our report of even date

CA S N DURAISWAMY
Membership No. :026599

CA.S.N. DURAISWAMY, B.Com., F.C.A., D.I.S.A., (ICAI),
CHARTERED ACCOUNTANT,
7, KANDAPPA LANE,
(NEAR ISWARIYAA HOTEL)
ERODE - 638 001.

On behalf of Board of Directors
For RPP Infra Projects Limited

P. Arulsundaram
Chairman &
Managing Director
DIN: 00125403

A. Nithya
Whole Time Director &
Chief Financial Officer
DIN 00125357

Pradeep Kumar Nath
Company Secretary
M.No: 401148

RPP INFRA PROJECTS LIMITED
CIN : L45201TZ1995PLC006113
Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021
Note 3 : Property, plant & equipment

(` In Crore)

Particulars	Land	Plant and Machinery	Office Equipment	Furniture and Fixtures	Computer	Buildings	Motor Vehicle	Heavy Vehicle	Total
Gross carrying amount									
As at 31 March 2019	**3.31**	**56.64**	**0.98**	**0.30**	**0.99**	**0.83**	**2.63**	**24.37**	**90.07**
Additions	0.00	1.55	0.07	0.01	0.12	0.00	0.69	0.67	3.11
Disposals	0.00	0.06	0.00	0.00	0.07	0.00	0.03	0.31	0.47
As at 31 March 2020	**3.31**	**58.13**	**1.05**	**0.31**	**1.05**	**0.83**	**3.28**	**24.73**	**92.70**
Additions	0.00	1.72	0.18	0.06	0.18	0.01	0.30	4.93	7.38
Disposals	0.00	2.70	0.02	0.00	-0.06	0.00	0.22	2.12	4.99
As at 31 March 2021	**3.31**	**57.15**	**1.22**	**0.37**	**1.29**	**0.84**	**3.36**	**27.54**	**95.09**
Depreciation and impairment									
As at 31 March 2019	**0.00**	**19.51**	**0.67**	**0.13**	**0.90**	**0.25**	**1.23**	**15.56**	**38.25**
Depreciation charge for the year	0.00	4.67	0.11	0.02	0.07	0.03	0.42	1.74	7.13
Disposals/Adjustments	0.00	0.02	0.00	0.00	0.00	0.00	0.02	0.31	0.35
As at 31 March 2020	**0.00**	**24.16**	**0.78**	**0.15**	**0.98**	**0.28**	**1.63**	**16.99**	**45.02**
Depreciation charge for the year	0.00	3.93	0.11	0.03	0.10	0.02	0.37	1.54	6.09
Disposals/Adjustments	0.00	1.26	0.02	0.00	0.00	0.00	0.18	1.56	3.02
As at 31 March 2021	**0.00**	**26.83**	**0.88**	**0.18**	**1.07**	**0.31**	**1.81**	**16.96**	**48.09**
Net Carrying amount									
At 31 March 2021	3.31	30.32	0.34	0.19	0.22	0.54	1.55	10.58	47.00
At 31 March 2020	**3.31**	**33.98**	**0.26**	**0.16**	**0.07**	**0.55**	**1.66**	**7.74**	**47.68**

RPP INFRA PROJECTS LIMITED
CIN : L45201TZ1995PLC006113
Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021
Note 4 : Capital Work In Progress

(`. In crores)

Particulars	Capital Work In Progress	Total
Gross carrying amount		
As at 31 March 2019	**3.90**	**3.90**
Purchases	0.71	0.71
Transfer	0.70	0.70
As at 31 March 2020	**3.91**	**3.91**
Purchases	0.11	0.11
Transfer	(0.07)	(0.07)
As at 31 March 2021	**4.08**	**4.08**
Amortisation and Impairment		
As at 31 March 2019	**0.00**	**0.00**
Amortisation	0.00	0.00
Adjustment	0.00	0.00
As at 31 March 2020	**0.00**	**0.00**
Amortisation	0.00	0.00
Adjustment	0.00	0.00
As at 31 March 2021	**0.00**	**0.00**
Net Carrying Amount		
At 31 March 2021	4.08	4.08
At 31 March 2020	3.91	3.91

RPP INFRA PROJECTS LIMITED
CIN : L45201TZ1995PLC006113
Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021

Note 5 : Intangible Assets

(`. In crores)

Particulars	Goodwill	ERP Software	Website Development	Intangible asset under Development	Total
Gross carrying amount					
As at 31 March 2019	**0.00**	**0.38**	**0.00**	**2.36**	**2.73**
Purchases	0.00	0.24	0.00	0.00	0.24
Transfer	0.00	0.09	0.00	2.36	2.44
As at 31 March 2020	**0.00**	**0.53**	**0.00**	**0.00**	**0.53**
Purchases	0.00	0.01	0.00	0.00	0.01
Transfer	0.00	0.23	0.00	0.00	0.23
As at 31 March 2021	**0.00**	**0.30**	**0.00**	**0.00**	**0.30**
Amortisation and Impairment					
As at 31 March 2019	**0.00**	**0.12**	**0.00**	**0.00**	**0.12**
Amortisation	0.00	0.00	0.00	0.00	0.00
Adjustment	0.00	(0.15)	0.00	0.00	(0.15)
As at 31 March 2020	**0.00**	**0.27**	**0.00**	**0.00**	**0.27**
Amortisation	0.00	0.01	0.00	0.00	0.01
Adjustment	0.00	0.00	0.00	0.00	0.00
As at 31 March 2021	**0.00**	**0.29**	**0.00**	**0.00**	**0.29**
Net Carrying Amount					
At 31 March 2021	0.00	0.01	0.00	0.00	0.01
At 31 March 2020	0.00	0.26	0.00	0.00	0.26

RPP INFRA PROJECTS LIMITED

CIN : L45201TZ1995PLC006113

Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021

(` In Crores)

Note no	Particulars	As at 31-03-2021	As at 31-03-2020
6	**Investments**		
	Investment in Equity Instruments (Non Trade Investments)	0.07	0.09
	Total Investments	**0.07**	**0.09**

RPP INFRA PROJECTS LIMITED

CIN : L45201TZ1995PLC006113

Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021

7 **Long Term Loans & Advances**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Advance to Suppliers	2.64	2.45
Other Long term loans and advances	6.59	
Total	**9.22**	**2.45**

8 **Deferred Tax**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Deferred Tax Asset/Liability	0.01	0.88
Total	**0.01**	**0.88**

9 **Other Non-Current Assets**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Prepaid Expense	4.48	2.91
Total	**4.48**	**2.91**

10 **Inventories**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Lower of cost or net realisable value	-	
Raw materials- Construction Materials	11.32	24.18
Stock in Trade (Stock of Shares & Securities held for Trading)	0.13	0.13
Total	**11.45**	**24.31**

11 **Trade Receivables**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Secured, considered good	-	
Unsecured considered good	156.03	164.37
Doubtful	-	
Total Trade receivables	**156.03**	**164.37**
Provision for doubtful receivables		
Total Trade receivables	**156.03**	**164.37**

Note: 11.1

There are arbitration proceedings going on in respect of the following departments - Rites, Sipcot and Ntecl towards which sums Rs.2.13, Rs.0.75, Rs.27.30 Crores respectively are shown as receivables. The company has filed the necessary papers with the arbitrators and the above receivables are considered good for recovery. Third Party balances are subject to external confirmations.

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12 **Cash and Cash Equivalents**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
– On current accounts	16.06	5.16
Cheques/ drafts on hand	-	-
Cash on hand	0.78	0.90
Earmarked Balances	80.28	39.44
Other Bank Balances	10.16	6.47
Total	**107.28**	**51.97**

13 **Short Term Loans and advances**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Unsecured, considered good:		
Advance to employees	0.35	0.25
Balances with statutory / government authorities	7.84	18.77
Advance to sub-contractors	10.27	3.16
Balance with Subsidiaries	0.19	-0.00
Non-Trade Receviable	13.52	13.52
Advance to Supplierss	-	-
Others	0.83	1.11
Total	**33.00**	**36.81**

Note 13.1:

Balances with statutory / government authorities consists of receivable amounts from VAT department totalling to sum Rs. 1.48 crores which has been arrived at with the existing information. The company is awaiting the final order from the said department.

14 **Other Financial Assets**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Contract Asset	147.76	142.97
Otherss	0.02	-
Total	**147.78**	**142.97**

Note:Classified as non financial asset as the contractual rights to consideration is dependent on completion of contractual milestone.

15 **Other Current Assets**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Retention by customers	89.82	104.40
Advance paid towards Equity Shares subscription	5.71	5.71
Advance Tax/ Tds deducted (receivables)	0.03	0.03
Other Recivable-Current	6.00	0.00
Total	**101.57**	**110.15**

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Note 16 : Share Capital

(`. In INR)

Particulars	As at 31st March 2021	As at 31st March 2020
Authorised Share Capital		
34,000,000 (March 31, 2021: 34,000,000) equity shares of Rs.10/-	34,00,00,000	34,00,00,000
Share Capital		
Issued, Subscribed and Paid up equity capital		
23,650,584 (March 31, 2021: 23,650,584) equity shares of Rs.10/- each fully paid up	23,65,05,840	22,60,05,840

Note 16.1 : Reconciliation of the number of shares outstanding

Particulars	As at 31 March 2021		As at March 2020	
Reconciliation of No. of shares	**No.of Shares**	**Amount**	**No.of Shares**	**Amount**
Outstanding at the beginning of the year	2,26,00,584	22,60,05,840	2,26,00,584	22,60,05,840
Add: Shares issued during the year	10,50,000	1,05,00,000	-	-
Outstanding at the end of the year	2,36,50,584	23,65,05,840	2,26,00,584	22,60,05,840

Terms / rights attached to equity shares

The company has only one class of equity share having a par value of Rs.10 per share. Each shareholder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The

Details of shares held by subsidiaries of ultimate holding company / holding and / or their subsidiaries / associates

Name of equity share holders	As at 31-Mar-21		As at 31-Mar-20	
Particulars	**No. of shares**	**% Holding**	**No. of shares**	**% Holding**
RPP Infra Projects (Lanka) Limited	116143.00	100%	P	100%
RPP Infra Over Seas PLC	4980.00	100%	4980.00	100%
RPP Energy Systems Private Limited	0.00	0%	50000.00	100%
Sanskar Dealcom Private Limited	209930.00	100%	209930.00	100%
Greatful Mercantile Private Limited	211500.00	100%	211500.00	100%
Lunkar Finance Private Limited	421430.00	100%	421430.00	100%
RPP ANNAI JV Private Limited	5100.00	51%	0.00	0%

Details of shareholders holding more than 5% shares in the Company are as under:-

Name of equity share holders	As at 31-Mar-21		As at 31-Mar-20	
Particulars	**No. of shares**	**% Holding**	**No. of shares**	**% Holding**
Mr P. Arulsundaram	72,63,443	30.73%	65,43,443	28.95%
Mrs A. Nithya	57,49,898	24.31%	54,24,898	24.00%
Total	**1,30,13,341**	**55.04%**	**1,19,68,341**	**50.60%**

Proposed dividends on Equity shares

(` In Crores)

Particulars	As at 31-Mar-21	As at 31-Mar-20
The board proposed dividend on equity shares after the balance sheet date Proposed dividend on equity shares for the year ended 31st March, 2020 :NIL(PY : Re.0.50 per share)		-

RPP INFRA PROJECTS LIMITED

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Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021

	Particulars	As at 31st March 2021	As at 31st March 2020
		` (Crore)	` (Crore)
17	**Other Equity**		
	Securities premium account	64.26	55.86
	Foreign Currency Translation Reserve	-	-
	Revaluation reserve	2.38	2.38
	Retained Earnings	189.54	180.79
	Retained Earnings - Non Controlling Interests	-0.01	-
	General Reserve	-	0.05
	Statutory Reserve	-	0.04
	Total	**256.17**	**239.12**

Refer "Statement of Changes in Equity" for additions/deletions in each of these items

A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.

B. Revaluation Reserve arose on 31.03.2014 due to Revaluation of Value of Lands Situated at Guindy and Erode for Rs 6887830 and Rs 16923780 respectively.

	Particulars	As at 31st March 2021	As at 31st March 2020
		` (Crore)	` (Crore)
17	**Share Warrant**		
	Share Warrant	6.64	-
	Total	**6.64**	**-**

Company has obtained approval of the shareholders for 40,00,000@90 allotment of warrant at the General Meeting held on 12th June 2020. Fund Received from Promoter being 25% of consideration in accordance with the SEBI (ICDR) Regulation, 2018. Companies was obtained "In–Principle Approval" under the Regulation 28(1) of SEBI (LODR) Regulation, 2015 granted by the BSE Limited vide its letter reference no. DCS/PREF/BA/PRE/697/2020-21 dated 13thJuly 2020 and National Stock Exchange of India Limited vide its letter reference no. NSE/LIST/24057 dated 8th July 2020. Accordingly, dated 14.07.2020 Share Allotment Committee approved allotment of 40,00,000 warrants convertible into Equity Shares of Rs. 10 each to the promoters on preferential basis at an issue price of the Rs. 90 per warrants on receipt of the amount of Rs 9 Crores (Rupees Nine Crores Only) being 25% of consideration in accordance with the SEBI (ICDR) Regulation, 2018.

Further dated 04.03.2021 Share Allotment Committee of the Board of Directors of the Company held on 4" March 2021 was allotted 10,50,000 [Ten Lakhs Fifty Thousand] Fully Paid-up Equity Shares of = 10/- each ["said shares"] on conversion of 10,50,000 Warrants on receipt of the full consideration towards these warrants and exercise of option of conversion. The allotted shares ranks pari passu with the existing Equity Shares of the Company in all respects including dividend.

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	Particulars	As At 31.03.2021	As At 31.03.2020
		(` In Crores)	(` In Crores)
18	**Borrowings**		
	Secured		
	Term Loans		
	From Banks (Secured)	27.86	13.42
	From NBFC (Secured)	6.78	9.73
	Unsecured	-	-
	Term Loans	-	-
	From Banks (Unsecured)	-	-
	From NBFC (Unsecured)	35.01	23.92
	Total	**69.65**	**47.06**
	Less : Current Maturities of Long Term Debt	11.70	12.61
	Total	**57.96**	**34.45**

Note:The Company has borrowed a sum of Rs 100,00,000 for urgent business exigencies but plans to repay the same at the earliest once the liquidity position improves

Nature of Security (` In Crores)

Particulars	Loan outstanding	Security	Repayment terms
From Banks			
Secured Loan with Various Banks and Interest @ 9.33%	16.16	Promoters Share	Every Month
From NBFC's			
Term Loan with Non Banking Finacial institutions and Interest @ 9.66%	6.78	Promoters Shares	Every Month
Unsecured Loan with Non Banking Finacial institutions and Interest @ 0% for Directors & Subsidary. 11% for Others.	35.01	Promoters Shares	Renewal Every Year

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Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021
Net debt reconciliation

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Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Cash and cash equivalents	107.28	51.97
Liquid investments		
Non Current borrowings including interest	57.96	34.45
Current Borrowings	54.61	62.55
Net (debt)/ Cash & Cash Equivalents	**5.28**	**45.03**

Particulars	Other Assets		Liabilities from financing		Total
	Cash and bank overdraft	Liquid Investments	Non-current borrowings	Current borrowings	
(Net debt)/ Cash & Cash Equivalents as at 31 March 2018	**92.28**	-	**11.81**	**62.78**	**-17.68**
Cash Flows	-68.13		46.89	-4.66	110.36
Interest expense					-
Interest paid	24.50				-24.50
(Net debt)/ Cash & Cash Equivalents as at 31 March 2019	**48.65**		**58.70**	**58.12**	**68.17**
Cash Flows	-19.37	-	-24.25	4.43	-0.45
Interest expense					-
Interest paid	22.68				-22.68
(Net debt)/ Cash & Cash Equivalents as at 31 March 2020	**51.96**		**34.45**	**62.55**	**45.03**
Cash Flows	74.27	-	23.50	-7.93	-58.70
Interest expense					-
Interest paid	-18.95				18.95
(Net debt)/ Cash & Cash Equivalents as at 31 March 2021	**107.27**		**57.95**	**54.62**	**5.28**

20 **Other Financial Liabilities**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Non-Current		
Security Deposits from Sub Contractor	-	-
Balance with Subsidiaries	6.70	
Total	**6.70**	-

21 **Long Term Provisions**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Provision for employee benefits		
Gratuity	**0.30**	0.2015126
Total	**0.30**	**0.20**

RPP INFRA PROJECTS LIMITED

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Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021

22 **Borrowings**

(` In Crores)

Particulars	As At 31st March 2021	As At 31st March 2020
Secured		
Loans repayable on Demand from banks	42.91	49.93
Total	**42.91**	**49.93**

(` In Crores)

Particulars	Loan outstanding	Security	Repayment terms
From Banks			
Working Capital with Various Banks and Interest @ 10.96%	**42.91**	Personal Security of Vacant land, Building, Factory building, Vacant House, Residential Building @ various places Land & building, vacant land @ various placesImmovable Land and Building property @ Giundy Taluk Personal GuaranteeValue of Property	Every Month
From NBFC's			
Working Capital with Non Banking Finacial institutions and Interest @ 10.96%	**0.00**	Personal Guarantee	Renewal every year

Note 22.1 Fund Based Limit Enjoyed by the Company

Name of Lending Institutions	Type of Loan	Sanctioned Limit	Utilised	
			As At 31st March 2021	As At 31st March 2020
Indian Overseas Bank, Surampatti Branch, Erode	Cash Credit	35.00	29.36	30.61
Bank of India - Coimbatore	Cash Credit	8.00	7.97	7.93
Industrial Development Bank of India (IDBI), Chennai	Cash Credit	9.00	5.58	8.90
Exim Bank , Chennai	Cash Credit	2.50	-	2.50
Total		**54.50**	**42.91**	**49.93**

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Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021

23 **Trade Payables**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Dues to Micro Enterprises and Small Enterprises (Ref. Note 41)	0.00	0.63
Due to others	130.65	114.72
Total	**130.65**	**115.3494344**

24 **Other financial liabilities- Current**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Current maturities of Long Term Secured Debt	11.70	12.61
Current maturities of Long Term Unsecured Debt	0.00	0.00
Balance with Subsidiaries	0.00	0.00
Expenses payable	5.05	2.25
Statutory dues payable	-0.96	0.00
Mobilisation Advances / Other Projects Payables	34.69	44.05
Due to directors	0.22	1.53
Unpaid dividend	0.03	0.03
Retention money - others	36.31	41.04
Total	**87.03**	**101.52**

Note: TDS on expenses is made on and when incurred. TDS is not reckoned for the sum stated as provision for expenses. Mobilisation advance received by the Company from certain departments and the proportionate amount which has to be classified as GST liability has been shown as mobilisation advance liability to the extent of Rs.1.99 crore

25 **Other Current Liabilities**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Mobilisation Advances / Other Projects Payables	0.00	0.00
Advances from customers	8.67	7.04
Statutory dues payable	3.74	9.69
Audit Fees Payable	0.00	0.00
Staff Salary Payable	0.00	0.00
Other Liablities	0.78	0.31
Other Payables	0.00	0.17
Total	**13.19**	**17.21**

26 **Short Term Provisions**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Provision for employee benefits		
Gratuityy	0.05	0.05
Other Provisions	0.00	0.00
Provision for Warranty	2.42	2.38
Provision for income tax		0.00
Total	**2.47**	**2.43**

27 **Current Tax Liabilities**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Provision for Income Tax (Net of Advance income tax)	6.08	4.87
Total	**6.08**	**4.87**

27 **Current Tax Liabilities**

Particulars	As at 31st March 2021	As at 31st March 2020
	` (Crore)	` (Crore)
Provision for Income Tax (Net of Advance income taxX)	11.46	0.00
Total	**11.46**	**0.00**

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28 **Revenue from Operations**

Particulars	As At 31.03.2021	As At 31.03.2020
	(` In Crores)	(` In Crores)
Contract Revenue	513.11	600.02
Sale of Materials	-0.00	-
Total	**513.11**	**600.02**

29 **Other Income**

Particulars	As At 31.03.2021	As At 31.03.2020
	(` In Crores)	(` In Crores)
Hire charges Received	3.15	2.99
Discount Received	0.05	0.09
Interest Income	2.37	1.60
Scrap Sales	0.02	0.17
Miscellaneous Income	0.48	1.57
Consulting Services & Service Charges	**5.18**	0.70
Profit on Sale of Assets	-	0.00
Forex Gain (Net)	-0.04	0.83
Total	**11.22**	**7.95**

Note: The amount of interest income on FD's with banks has been estimated on the basis of the rate of interest applicable, the amount of deposit and the period for which the deposit has run.

30 **Cost of Raw materials and components Consumed**

Particulars	As At 31.03.2021	As At 31.03.2020
	(` In Crores)	(` In Crores)
Inventory at the Beginning of the Period	23.76	20.24
Add: Purchases during the period	109.37	159.76
Less: Inventory at the end of the Period	10.91	24.18
Total	**122.22**	**155.81**

31 **Direct Operating Cost**

Particulars	As At 31.03.2021	As At 31.03.2020
	(` In Crores)	(` In Crores)
Works Contract Cost	257.58	283.36
Other Operating Cost	64.76	62.87
Total	**322.34**	**346.22**

Note: Joint Venture Agreement

The Company has an unincorporaed JV with the Party Ramalingam Construction Company Pvt Ltd with whom a project was jointly bidded and obtained. However, The execution was fully done by the company. Company has agreed to pay 2% of Turnover of this project as Royalty to the Partner and this amount has been charged Off to the Statement of Profit & Loss.

32 Employee benefit expenses

Particulars	As At 31.03.2021	As At 31.03.2020
	(` In Crores)	(` In Crores)
Salary Expenses	9.75	12.27
Company's Contribution to Employees' Provident Fund	0.20	0.19
Company's Contribution to Employees' State Insurance Corporation	0.02	0.03
Gratuity	0.04	0.08
Staff Welfare	0.93	0.84
Total	**10.94**	**13.41**

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33 **Finance Cost**

Particulars	As At 31.03.2021 (` In Crores)	As At 31.03.2020 (` In Crores)
Interest expenses		
On Term Loans and Other Loans	6.10	9.56
On Working Capital Loans	6.06	6.94
Other Borrowing Costs		
Bank Charges and Bank Guarantee Commission	5.18	5.39
Processing Charges Paid	1.62	0.79
Total	**18.95**	**22.68**

34 **Depreciation and amortization expenses**

Particulars	As At 31.03.2021 (` In Crores)	As At 31.03.2020 (` In Crores)
Depreciation of tangible fixed assets	6.12	7.06
Amortisation of intangible fixed assets	-	0.10
Total	**6.12**	**7.16**

35 **Other Expenses**

Particulars	As At 31.03.2021 (` In Crores)	As At 31.03.2020 (` In Crores)
Advertisement	0.01	0.01
Business Development Expenses	0.44	0.34
Brokerage	0.01	0.00
Donation	0.03	0.00
Consulting Fees Paid	0.29	0.37
Miscellaneous Expense	0.35	0.66
Corporate Social Responsibilities	0.47	0.57
Equipment Hire Charges	0.91	0.82
Insurance	0.83	0.54
Repairs & Maintenance - Machinery	2.84	11.15
Repairs & Maintenance - Office	0.33	0.22
Repairs & Maintenance - Others	7.37	5.38
Postage & Telegraph	0.05	0.04
Professional Charges	0.65	0.95
Books & Periodicals	0.00	0.00
Loss On Sale of Assets	0.16	0.01
Legal Fees Paid	0.04	0.38
Printing and Stationery	0.15	0.21
Rent & Electricity	0.95	0.97
-Statutory Audit	0.28	0.18
-Other services	0.66	0.19
Bad Debts	0.62	0.09

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Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021

Deposit Write Off	1.11	
Secretarial Expenses	0.05	0.10
Rates & Taxes	0.05	0.03
Loss On Sale of Investment	0.02	
Changes in CWIP	0.94	
Telephone Expenses	0.05	0.06
Travelling Expenses	0.44	1.22
On Statutory Dues	1.02	1.38
Registration and Renewals	0.16	0.27
Royalty Paid	0.18	2.03
Security Service Charges	0.10	0.08
Forex Loss (Net)	-	0.51
Other Expenses	0.06	0.10
Warranty Provision (P&L)	-	0.15
Packing & Forwarding Charges	0.02	0.02
Total	**21.64**	**29.02**

36 **Income Tax Expense**

Particulars	As At 31.03.2021	As At 31.03.2020
	(` In Crores)	(` In Crores)
Current Tax	7.49	9.74
Taxes of earlier years	-	5.62
Deferred tax	-0.86	0.14
Total	**6.62**	**15.50**

37 **Income Tax Expense recognised in other Comprehensive Income**

Particulars	As At 31.03.2021	As At 31.03.2020
	(` In Crores)	(` In Crores)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	-	-
Remeasurement of defined benefit plans	0.09	-0.20
Net change in fair values of investments in equity shares carried at fair value through OCI	-	0.01
Income tax relating to items that will not be reclassified to profit or loss	-	0.05
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	-	-
Items that will be reclassified to profit or loss	-	-
Exchange differences on translation of Financial Statement of Foreign Companies	7.00	-1.17
Income tax relating to items that will be reclassified to profit or loss	-	-
Total	**7.09**	**-1.31**

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Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021
Note no: 38

The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. The Consolidated Financial Statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manneras the Company's standalone financial statements, except otherwise stated. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Additional Information as required under Schedule III to the Companies Act 2013, of enterprises consolidated as subsidiaries

Name of the entity	Net assets,i.e total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (In Rs. Crores)	As % of consolidated profit or loss	Amount(In Rs. Crores)	As % of consolidated profit or loss	Amount(In Rs. Crores)	As % of consolidated profit or loss	Amount(In Rs. Crores)
Parent								
Rpp Infra Projects Limited	91%	267.81	100%	15.53	100%	0.09	184%	15.44
Subsidiaries								
Indian								
Greatful Mercantile Pvt. Ltd.	0%	0.18	0%	-0.00	0%	-	0%	-0.00
Sanskar Dealcom Pvt Ltd.	0%	0.16	0%	-0.00	0%	-	0%	-0.00
Lunkar Finance Private limited	6%	16.33	0%	-0.00	0%	-	0%	-0.00
RPP ANNAI JV Private Limited	0%	-0.01	0%	-0.02	0%	-	0%	-0.02
Foreign								
RPP Infra Oversesa PLC	3%	8.03	0%	-0.01	0%	6.98	-83%	-6.99
RPP Infra Projects (Lanka) Ltd.	0%	1.08	0%	0.00	0%	0.02	0%	-0.02
Total	**100%**	**293.58**	**100%**	**15.50**	**100%**	**7.09**	**100%**	**8.41**

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Note 39 : The income tax expense for the year can be reconciled to the accounting profit as follows:

` (Crore)

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Profit before tax	**22.12**	**33.65**
Income tax expense caluclated	5.57	8.47
Less:Exemption/Deductions		
Others		
Add:-Effect of expenses that are not deductible in determining taxable profit	0.00	0.00
Expenses not allowed in income tax	1.27	0.52
Tax Effects due to difference in treatment of expenses between acts	-0.86	0.14
Others	0.65	0.75
Total	**6.62**	**9.88**
Adjustments recognised in the current year in relation to the current tax of prior years	-	5.62
Income tax expense recognised In Statement of Profit & Loss (reating to continuing operations)	6.62	15.50

Income tax recognised in other comprehensive income	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Deferred tax	-	-
Arising on income and expenses recognised in other comprehensive income	-	-
Net fair value gain on investments in equity shares at FVTOCI	-	0.01
Remeasurement of defined benefit obligation	0.09	-0.20
Total income tax recognised in other comprehensive income	0.09	-0.19
Bifurcation of the income tax recognised in other comprehensive income into:	-	0.05
Exchange differences on translation of Financial Statement of Foreign Companies	7.00	-1.17
Items that will not be reclassified to profit or loss	0.09	-0.14
Items that may be reclassified to profit or loss	7.00	-1.17

Note 40 : Earnings per share (EPS)
The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
	Rs. crores	**Rs. crores**
Profit attributable to equity holders	15.50	18.16
Weighted average number of Equity shares for EPS	2,36,50,584	2,26,00,584
EPS (Rs. per share)		
Basic	6.55	8.04
Diluted	6.55	8.04
Nominal Value of Shares (Rs. per share)	10.00	10.00

RPP INFRA PROJECTS LIMITED
CIN : L45201TZ1995PLC006113
Notes to Consolidated Ind AS financial statements for the year ended 31st March 2021

Note 41 : Gratuity & other post employment benefit plans

Defined Contribution Plan

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Insurance Company in the form of a qualifiying Insurance Policy.

Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of equity instruments and debt instruments. Generally equity instruments should not exceed 15% of total portfolio. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise. The plan assets include significant investment in Debt Fund, hence, the Company is not exposed to any market risk.

The following table summarises the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet.

Changes in Present Value of Obligations ` (Crore)

Particulars	2020-21	2019-20
Present Value of Obligation as at the beginning of the year	0.46	0.37
Interest Cost	0.03	0.03
Current Service Cost	0.11	0.07
Benefits paid	-0.06	-0.04
Past Service Cost	0.00	0.00
Actual(Gain)/ Loss on Obligations*	0.03	0.03
Present Value of Obligations at the end of the year	0.57	0.46

Changes in Fair Value of Planed Assets ` (Crore)

Particulars	2020-21	2019-20
Fair Value of Plan Assets at the beginning of the year	0.21	0.19
Investment Income	0.01	0.02
Contributions	0.00	-
Benefits Paid	-0.06	-0.04
Employers Contribution	0.07	0.01
Return on plan assets , excluding amount recognised in net interest expense	0.00	-
Actual(Gain)/ Loss on Plan Asset*	0.00	0.03
Fair Value of Plan Assets at the end of the year	0.23	0.21

RPP INFRA PROJECTS LIMITED
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Notes to Consolidated Ind AS financial statements for the year ended 31st March 2021

` (Crore)

Particulars	2020-21	2019-20
Fair Value of Plan Assets at the beginning of the year	0.21	0.19
Actual Return on Plan Assets	0.01	0.01
Employer's Contribution	0.07	0.01
Fair Value of Plan Assets at the end of the year	0.29	0.21

Amount recognised in balance sheet

` (Crore)

Particulars	2020-21	2019-20
Present value of projected benefit obligaiton at the end of the year	0.57	0.46
Fair value of plan assets at the end of year	0.29	0.21
Funded status amount of liability recognised in balance sheet	0.28	0.25

Expenses Recognised in the Profit & Loss Account

` (Crore)

Particulars	2020-21	2019-20
Current Service Cost	0.11	0.06
Past Service Cost	0.00	0.00
Interest Cost	0.03	0.04
Expected Return on Plan Aseets	-	-
Net Acturial(Gain)/ Loss Recognised In the period	-	-
Expenses Recognised in Statement of Profit and Loss	0.14	0.11

Other Comprehensive Income

` (Crore)

Particulars	2020-21	2019-20
Actuarial (gains) / losses		
- change in demographic assumptions	-	-
- change in financial assumptions	-	-
- experience variance (i.e. Actual experience vs assumptions)	0.03	-0.20
- others	-	-
Return on plan assets, excluding amount recognised in net interest expenses	-	-
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	-	-

Summary of actuarial assumptions

Particulars	2020-21	2019-20
Discount rate	6.85%	6.85%
Salary growth rate	5%	5%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, senority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Demographic Assumption

Particulars	**2020-21**	**2019-20**
Mortality rate (% of IALM 06-08)	100%	100%
Normal retirement age	58 Years	58 Years
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	10.00%	10.00%
31-44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

Sensitivity Analysis

Significant actuarial assumptions for the detemination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

` (Crore)

Particulars	**2020-21**	**2019-20**
Defined Benefit Obligation (Base)	0.57	0.46

Particulars	**2020-21**		**2019-20**	
	Decrease	**Increase**	**Decrease**	**Increase**
Discount Rate (- / + 1%)	0.66	0.41	0.53	0.41
(% change compared to base due to sensitivity)	15.00%	-12.30%	13.14%	-11.10%
Salary Growth Rate (- / + 1%)	0.41	0.53	0.41	0.53
(% change compared to base due to sensitivity)	-12.60%	15.20%	-11.40%	13.50%
Attrition Rate (- / + 50% of attrition rates)	0.57	0.58	0.46	0.47
(% change compared to base due to sensitivity)	-1.20%	0.80%	-1.30%	0.90%
Mortality Rate (- / + 10% of mortality rates)	0.57	0.57	0.46	0.46
(% change compared to base due to sensitivity)	-0.10%	0.10%	-0.10%	0.10%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Sensitivity due to mortality & withdrawals are not material & hence impact of change not calculated.
Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

RPP INFRA PROJECTS LIMITED
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Notes to Consolidated Ind AS Financial Statements for the year ended 31st March 2021
Note 42 : Commitments and contingencies
Contingent Liabilities

` (Crore)

Particulars	2020-2021	2019-2020
(a) Counter Indemnities given to Banks in respect of contracts	227.30	233.24
(b) Income Tax Liability that may arise in respect of which Company is in appeal	33.60	27.85
(c) Service Tax liability that may arise in respect of matters in appeal	22.93	10.64
(d) TDS Liability as reflected in the Traces Portal which are under Reconcilation/ Appeal	0.0538	-
(e) Value Added Tax liability that may arise in respect of matters in appeal	97.57	-
Total	**381.46**	**271.73**

1. The Company is contesting the demands and the Management, including its legal counsel/Tax Advisors, believe that it is possible, but not probable, the action will succeed and accordingly no provision for liability has been recognised in the financial statements.

2. WRIT Petition is under process against the Income Tax Settlement Commission Order which has been completed in the Financial Year 2019-20 and Tax due has been paid as per ITSC order in three Installments. Two Installments paid in the Financial year 2019-20 and due to Covid 19 final Installment paid in Financial year 2020-21.

3. GST returns have been filed belatedly for most of the Months.

4. The reconciliation for purchases and expenditures with the details available in Form 2A, according to the GST portal is under process. No provision for dues of interest on GST dues, if any, is provided in the accounts pending finalisations.

Note 43 : Segment Information

The Company is engaged in one business segment, namely, "Construction and Infrastructure Development". The Company and its subsidiaries operate in India, Sri Lanka, and Mauritius . As the net profit/loss from the Overseas operations constitutes more than 10% of the total profit, geographical segment has been considered as the primary segment for consolidated Financial Statement and there are no other reportable segments as required to be disclosed under Ind AS 108 - Operating Segments

Particulars	Year Ended	
	2020-2021	2019-2020
Segmental Revenues	` (Crore)	` (Crore)
India	491.63	574.10
Overseas	21.48	25.92
Total Revenue	**513.11**	**600.02**
Less: Inter Segmental Revenues	0.00	0.00
Net Sales/ Income from Operations	513.11	600.02
Add: Other Income	11.22	7.95
Revenues	**524.33**	**607.96**
Segmental Profits (Profit before Interest & tax)		
India	51.78	51.78
Overseas	4.56	4.56
Less: Interest & Finance Charges	-18.95	-22.68
Profit befor tax	37.38	33.65
Capital Employed (Segmental Assets minus Liabilities)		
India	328.80	303.77
Overseas	22.60	-6.52

Note 44. : Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

There are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro and Small Enterprises during the year ended March 31, 2021.

Note 45: Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet Date ` (Crore)

Particulars	31-Mar-21		31-Mar-20	
	Foreign Currency	Equivalent INR	Foreign Currency	Equivalent INR
Payables				
LKR	19.85	7.70	19.84	7.70
Total	**19.85**	**7.70**	**19.84**	**7.70**
Receivables				
USD	0.11	7.94	0.11	7.94
TAKA	13.26	10.84	8.77	7.17
LKR	12.53	5.88	2.27	1.06
Total	**25.90**	**24.66**	**11.15**	**16.17**

Note 46 : Financial Instruments Disclosure

46 1 **Capital management**

The Company's objective when managing capital is to:

(i) Safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders
(ii) Maintain an optimal capital structure to reduce the cost of capital.
(iii) The company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a
The capital structure of the Company comprises of equity share capital, retained earnings and other equity attributable to

46 2 **Gearing ratio**

The following table summarizes the capital of the Company and the gearing ratios:

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Total equity as per balance sheet	**286.46**	**261.72**
Non- current borrowings	57.96	34.45
Current borrowings	42.91	49.93
Current portion of long term borrowings	11.70	12.61
Cash and Bank balances	107.28	51.97
Net Debt	**5.28**	**45.03**
Net debt to Equity ratio	1.84%	17.21%

46.3 Categories of Financial Instruments

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Financial Assets		
Measured at fair value through profit or loss (FVTPL) (mandatorily measured)		
(a) Investment	0.07	0.09
Measured at Amortised cost		
(b) Long Term Loans and Advances	-	-
(b) Trade Receivables	156.03	164.37
(c) Cash and Cash equivalents	107.28	51.97
(d) Short Term Loans & Adavances	33.00	36.81
(e) Others	260.82	142.97
Financial Liabilities		
Measured at amortised cost		
(a) Other Non Current Financial Liabilties	-	-
(b) Trade payables	130.65	115.35
(c) Other current financial liabilities	87.03	101.52

46.4 Financial Risk Management Objectives

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the
The Management reviews and approves risk Management framework and policies for managing these risks and monitor
In line with the overall risk management framework and policies, the treasury function provides services to the business,

46.4.1 Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

46.4.1.1 Foreign Currency Risk Management

The company has overseas subsidiaries which are however are not material subsidiaries. Net amount payable / receivable are not hedge and company is hopeful of recovering the same in ensuing financial year. There are no other foreign currency risk exposure to the Company.

46.4.1.3. Interest rate risk.

The Company is not exposed to interest rate risk because of borrowal of funds at fixed interest rates. The company's exposure to interest rate on borrowings are detailed in note 18 and 21.

46.4.2 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables.
The customer profile consists of around 80-90% from Govt. Sectors
The company's exposure to credit risk for trade and other receivables by type of counterparty are as follows

Note	Percentage to Total Trade receivables	
Govt companies	87%	87%
Others	13%	13%

46.4.3 Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by
The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets &liabilities and monitoring balance sheet liquidity ratios.

Contractual maturity of financial liabilities:

As at March 31, 2021	Due - within 1 year	Due – More than 1 year	Total
Non-Current Borrowings	11.70	57.96	69.65
Other Non-Current Financial Liabilities		-	-
Current Borrowings	42.91	-	42.91
Trade Payables	130.65	-	130.65
Other Current Financial Liabilities	87.03	-	87.03
Total	**272.29**	**57.96**	**330.24**
As at March 31, 2020			
Non-Current Borrowings		34.45	34.45
Other Non-Current Financial Liabilities		-	-
Current Borrowings	49.93	-	49.93
Trade Payables	115.35	-	115.35
Other Current Financial Liabilities	101.52	-	101.52
Total	**266.80**	**34.45**	**301.26**

Note 47: Joint Venture Agreement

The Company has an unincorporated JV with the Party Ramalingam Construction Company Pvt Ltd with whom a project was jointly bidded and obtained. However, the execution was fully done by the company. Company has agreed to pay 2% of Turnover of this project as Royalty to the Partner and this amount has been charged off to the Statement of Profit & Loss.

NOTE 48 - DISCLOSURE PURSUANT TO CONSTRUCTION CONTRACTS

Disclosures pursuant to Indian Accounting standard (Ind AS) 115, Revenue from Contracts with Customers

(a) The Company believes that the information provided vide Note 26 (Revenue from Operations) and vide Note 38 (Segment reporting) is sufficient to meet the disclosure requirements with respect to disaggregation of revenue under Ind AS 115, Revenue from Contracts with Customers.

(b) Reconciliation of the amount for revenue recognised in the Standalone Statement of Profit and Loss with the contracted price:

	` In Crores	` In Crores
Particulars	**31-Mar-21**	**31-Mar-20**
Revenue from operations	513.11	575.69
Adjustments:		
Claims	0.00	0.00
Revenue from contract with customers	**513.11**	**575.69**

(c) Contract balances

(i) The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

` In Crores

Particulars	Note	31-Mar-21	31-Mar-20
Trade receivables	11	156.03	164.37
Contract assets : Unbilled revenue	14	147.76	142.97
Contract liabilities - Advance billing to customer	24	8.67	7.04
Contract liabilities - Mobilisation advances	24	34.69	44.05

(ii) Movement in contract balances during the year

` In Crores

Particulars	Contract assets	Contract liabilities	Net contract balances
Opening balance as at April 1, 2020	142.97	51.09	91.88
Closing balance as at March 31, 2021	147.76	43.36	104.40
Net increase/(Decrease)	**4.80**	**-7.73**	**12.53**

Note: Increase in net contract balances is primarily due to higher revenue recognition as compared to progress bills raised during the year.

(iii) Revenue recognised during the year from opening balalnce of Contract liabilities amounts to Rs. **19.68 Crores**

(d) Remaining performance obligations

In case of revenue from Road repair and maintenance, the Company applies the practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations where the Company has a right to consideration from customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date. Accordingly, the Company recognises revenue by an amount to which the Company has a right to invoice.

Remaining performance obligations are subject to variability due to several factors such as changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to remaining performance obligations is Rs 777.70 Crores out of which 35%-40% is expected to be recognised as revenue in the next year and the balance thereafter.

As per our report of even date

CA S N DURAISWAMY
Membership No. :026599

Date :01.06.2021
Place :Erode

CA.S.N. DURAISWAMY, B.Com.,F.C.A.,
D.I.S.A.,(ICAI),
CHARTERED ACCOUNTANT,
7,KANDAPPA LANE,
(NEAR ISWARIYAA HOTEL)
ERODE - 638 001.

For and on behalf of the Board of Directors

P. Arulsundaram
Chairman & Managing Director
DIN 00125403

A. Nithya
Whole Time Director & Chief Financial Officer
DIN 00125357

Pradeep Kumar Nath
Company Secretary
M.No: 401148

RPP INFRA PROJECTS LIMITED

CIN : L45201TZ1995PLC006113

Notes 49 to Consolidated Ind AS Financial Statements for the year ended 31st March 2021

(a) Name of related Parties and related party relationship

Related Party where control exists

Sr No	Name of the Related Party	Nature of Relationship
1	RPP Infra Overseas PLC	Subsidiary
2	RPP Infra Projects (Lanka) Limited	Subsidiary
3	Sanskar Dealcom Pvt Ltd	Subsidiary
4	Greatful Mercantile Pvt Ltd	Subsidiary
5	Lunkar Finance Private limited	Step down Subsidiary
6	RPP Annai JV Private Limited	Subsidiary
7	P Arul Sundaram – Chairman & Managing Director	Key Management Personnel
8	A Nithya – Whole Time Director	Key Management Personnel
9	Renaatus Projects Pvt Ltd	Mr. Arul Sundaram (CMD) is the brother of Mr. P. Selvasundaram who is promoter of M/S.Renaatus Projects Pvt Ltd
10	P & C Projects Pvt Ltd	Mrs. A. Nithya (WTD) is one of the share holder in M/s. P & C Construction Pvt Ltd and her brothers are Chairman of M/s. P & C Projects Pvt Ltd.
11	Sanjeevi Constructions	Mr. Muralithasan who is the Director, is Managing Partner of the Firm
12	Thaya Constructions	A firm in which Managing Director's Daughters are partners.
13	RPP P& C JV	A Firm in which RPPIPL is lead partner
14	RPP RK P& C JV	A Firm in which RPPIPL is lead partner
15	RPP Dhanya JV	A Firm in which RPPIPL is lead partner
16	RPP Renaatus JV	A Firm in which RPPIPL is lead partner
17	RPP Sathyamoorthy JV	A Firm in which RPPIPL is lead partner
18	RPP RK JV	A Firm in which RPPIPL is lead partner
19	RPP Blue Metals	Mr.P.Selvasundaram who is brother of Mr.Arulsundaram (CMD), is a director.
20	Ero Techno Systems	Proprietership owned by Mr.Arulsundaram
21	Nirara Shelters LLP	Mrs. A Nithya (WTD) is one of the Partner
22	R.P.P. Stocks and Securities Private Limited	Common Director
23	Arve Impex Private Limited	Common Director
24	RPP Ventures Private Limited	Common Director
25	Renaatus –RPP JV	A Firm in which RPPIPL is least partner
26	P&C RPP JV	A Firm in which RPPIPL is least partner
27	Spac Terminal Market Complex Limited	Common Director
28	Supreme Poultry Private Limited	Common Director
29	Dexterity Business Analysts Private Limited	Common Director
30	RPP RCCL JV	A Firm in which RPPIPL is lead partner
31	RPP Infra Projects Myanmar Limited	Associate Company
32	RPP SMC JV	A Firm in which RPPIPL is lead partner

(b) Transactions with Related Parties

` (Crore)

Nature of Transaction/ Relationship/ Parties	2020-21	2019-20
Purchase of Goods & Services/ Work Bills		
Other Related Parties		
P & C Projects Pvt Ltd	0.22	0.64
Sanjeevi Constructions	0.24	-
Renaatus Projects Pvt Ltd	0.15	0.21
Thaya Constructions	2.34	1.46
RPP Blue Metals	0.28	0.09
Ero Techno Systems	0.33	-
Sale of goods/ contract revenue & services		
Subsidiaries		
RPP Annai JV Private Limited	-	**0.90**
Other Related Parties		
Renaatus Projects Pvt Ltd	0.37	-
P & C Projects Pvt Ltd	5.81	3.90
Sanjeevi Constructions	-	-
Ero Techno Systems	0.21	-
RPP P&C JV	10.05	
RPP RCCL JV	4.76	
Subscription to equity shares (including application money paid)		
Subsidiaries		
RPP Infra Overseas PLC	-	
Sanskar Dealcom Pvt Ltd	-	
Greatful Mercantile Pvt Ltd	-	
RPP Infra Projects (Lanka) Limited	-	
RPP Annai JV Private Limited	-	0.01
Sale of Subsidiaries		
R.P.P. Energy Systems Pvt Ltd	0.03	-
Advances/Loan received/ recovered		
Subsidiaries		
RPP Infra Overseas PLC		
RPP Annai JV Private Limited	-	4.99
Other Related Parties		
Sanjeevi Constructions	0.28	0.16
Renaatus Projects Pvt Ltd	5.80	-
P & C Projects Pvt Ltd	0.40	0.33
Thaya Constructions	-	-
RPP Dhanya JV	7.18	
RPP Renaatus JV	3.99	
Other Related Parties Transactions		
P. Arulsundaram – Chairman and Managing Director	5.93	5.29
Mrs. A. Nithya – Whole Time Directors	4.26	12.84
Other Transactions		
Out standing Balance as on 31/03/2021		
Subsidiaries		
R.P.P. Energy Systems Pvt Ltd	-	0.00
RPP Infra Overseas PLC	7.94	7.94
RPP Infra Projects (Lanka) Limited	7.70	7.70
Sanskar Dealcom Pvt Ltd	0.00	0.00
Greatful Mercantile Pvt Ltd	0.01	0.00
RPP Annai JV Private Limited	4.96	5.02
Other Related Parties		
Renaatus Projects Pvt Ltd	6.38	0.39
P & C Projects Pvt Ltd	4.41	0.01
Thaya Constructions	1.25	0.19
Sanjeevi Constructions	0.65	0.97
RPP Dhanya JV	7.00	-
RPP Renaatus JV	3.99	-
RPP Sathyamoorthy JV	0.00	-
Lunkar Finance Private limited	10.45	0.01
Ero Techno Systems	0.31	-

RPP Blue Metals	0.25	-
RPP P&C JV	0.80	
RPP RK P&C JV	0.99	
RPP RK JV	0.00	
Due to Director (Current Account)		
P. Arulsundaram – Chairman and Managing Director	0.15	0.35
Mrs. A. Nithya – Whole Time Directors	0.07	0.11
Payment of Salaries/ perquisites (Other than commission to Key management personnel)		
Mr. P. Arulsundaram – Chairman and Managing Director	0.12	0.63
Mrs. A. Nithya – Whole Time Directors	0.05	0.27
Rent Paid to Directors		
Mr. P. Arulsundaram – Chairman and Managing Director	0.08	
Interest paid to Directors		
Mr. P. Arulsundaram – Chairman and Managing Director	-	0.16
Mrs. A. Nithya – Whole Time Directors	-	0.74

ANNEXURE 4

Form No AOC - 1

Name of the Subsidiary	RPP Infra Projects (Lanka)	RPP Infra Overseas PLC	Sanskar Dealcom Pvt Ltd	Greatful Mercantile Pvt Ltd	Lunkar Finance Pvt Ltd	RPP Annai JV Pvt Limited
Reporting period for the Subsidiary concerned	As at 31st March 2021	As at 31st March 2021	As at 31st March 2021	As at 31st March 2021	As at 31st March 2021	As at 31st March 2021
Reporting Currency	LKR	US $	INR	INR	INR	INR
Exchange rate as on the last date of the relevant Financial year in the case of foreign susidiaries	INR/LKR 0.37	INR/USD 0.01				
Share Capital	0.05	0.02	0.03	0.03	0.42	0.01
Reserves and Surplus	1.03	8.01	0.14	0.15	15.91	-0.02
Total Assets	**7.80**	**16.91**	**0.18**	**0.19**	**16.36**	**4.67**
Total liabilities	**6.72**	**8.88**	**0.01**	**0.01**	**0.03**	**4.68**
Investments	0.00	0.00	0.00	0.00	0.00	0.00
Turnover	0.01	0.00	0.00	0.00	0.00	35.22
Profit before taxation	0.00	-0.01	0.00	0.00	0.00	-0.02
Provsion for taxation	0.00	0.00	0.00	0.00	0.00	0.00
Profit after taxation	0.00	-0.01	0.00	0.00	0.00	-0.02
Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00
% of Shareholding	100%	100%	100%	100%	100%	51%

As per our report of even date

For and on behalf of Board of Directors

CA S N DURAISWAMY
Membership No. :026599

CA.S.N. DURAISWAMY, B.Com.,F.C.A., D.I.S.A.,(ICAI), CHARTERED ACCOUNTANT, 7, KANDAPPA LANE, (NEAR ISWARIYAA HOTEL) ERODE - 638 001.

Date : 01.06.2021
Place :Erode

P. Arulsundaram
Chairman & Managing Director
DIN 00125403

A. Nithya
Whole Time Director & Chief Financial Officer
DIN: 00125357

Pradeep Kumar Nath
Company Secretary
M.No: 40148

ACCOUNTING RATIOS

The following tables present certain key accounting and other ratios of our Company computed on the basis of the Financial Statements included in the chapter entitled *'Financial Statements'* beginning on page 148.

Accounting Ratios

Particulars	**As at and for**	
	March 31, 2021	**March 31, 2020**
Earning per Equity Share		
a. Basic earnings per Equity Share (₹)	6.55	8.04
b. Diluted earnings per Equity Share (₹)	6.55	8.04
Return on net worth (%)	5.94	6.54
Net asset value per Equity Share (₹)	1.18	1.10
EBITDA (₹ in crores)	47.19	63.75

The ratios have been computed as below:

Ratios	**Computation**
Basic and Diluted Earnings Per Share	Profit attributable to shareholder / Total number of weighted average number of shares
Return on Net Worth (%)	Profit for the Year / Net Worth
Net Asset Value per Share	Net Worth / Number of shares as at the end of the relevant period
EBITDA	Profit before tax + depreciation and amortization expenses and finance cost +share of profit from associates-other income

Calculation of Earning per Equity Share

(₹ in crores)

Particulars	**As at and for**	
	March 31, 2021	**March 31, 2020**
Profit attributable to Equity shareholders (A)	15.50	18.16
Weighted average number of equity shares outstanding at the end of the period (B)	2,36,50,584	2,26,00,584
Basic and Diluted EPS (A)/(B)	6.55	8.04

Calculation of Return on Net Worth

(₹ in crores)

Particulars	**As at and for**	
	March 31, 2021	**March 31, 2020**
Profit / (loss) after tax (A)	15.50	18.16
Net Worth (B)	279.82	261.72
Return on Net-Worth [A/B] * 100	5.54	6.94

Calculation of Net Worth and Net Asset Value per Equity Share

(₹ in crores)

Particulars	**As at and for**	
	March 31, 2021	**March 31, 2020**
Equity share capital (A)Profit / (loss) after tax (A)	23.65	22.60

Particulars	As at and for	
	March 31, 2021	**March 31, 2020**
Other equity (B)	256.17	239.12
Net-Worth (C) = [A+B]	271.67	261.72
Number of Equity shares as at the end of the relevant period (D)	2,36,50,584	2,26,00,584
Net Asset Value per Equity Share [(C*10^5 / D] (₹)	1.18	1.10

Calculation of EBITDA

(₹ in crores)

Particulars	As at and for	
	March 31, 2021	**March 31, 2020**
Profit before tax	22.12	33.65
Depreciation & amortization	6.12	7.12
Finance cost	18.95	22.98
Share of profit from other associates	0.00	0.00
Less: other Income	0.00	0.00
EBITDA	**47.19**	**63.75**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including factors set forth in the section entitled 'Risk Factors' and chapter entitled 'Forward Looking Statements' beginning on pages 22 and 18, respectively. Unless otherwise stated, the financial information in this section has been derived from the Restated Consolidated Financial Statements of our Company. Our Company's Financial Year commences on April 1 and ends on March 31 of the following year, so all references to a particular Financial Year or a Fiscal are to the 12 months ended March 31 of that year. In this section, unless the context otherwise requires, any reference to "we", "us" or "our" refers to R.P.P. Infra Projects Limited, our Company.

Our Company's Audited Consolidated Financial Statements in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company publishes its financial statements in Indian Rupees. The Audited Consolidated Financial Statements should be read along with the report issued thereon.

Overview

We are an Indian company head quartered in Tamil Nadu that provides engineering, procurement and construction services. We operate across different states with a focus on South India and, in particular, Tamil Nadu. We also execute projects overseas, for the Government of India, in neighbouring Asian countries.

As on date, we have completed over 150 projects across diverse verticals, including roads, highways and bridges, infrastructure projects, mass housing projects and townships, industrial structures, irrigation and water supply projects, hotels, hospitals, educational institutions, and civil structures.

Our business operations are predominantly in South India with a significant focus on Tamil Nadu. The 3 business segments we operate in are the following:

1. Civil construction;
2. Infrastructure such as roads, highways, bridges, power, etc.; and
3. Irrigation and water management.

We are currently executing 41 projects across 6 Indian states with an Order Book of ₹ 3,113.25 crores.

In addition to the projects in India, our Company has also executed 3 projects in Sri Lanka and one prestigious power grid project in Bangladesh. The project in Bangladesh was executed in consortium with a multinational conglomerate. Further, currently, our Company is also executing certain projects for the Government of India in Sri Lanka, Myanmar and Bangladesh. In our international operations, our Company operates through geographic location specific joint ventures or subsidiaries, and where appropriate, through branch offices.

Currently, we have 3 Indian subsidiaries, 1 Indian step-down subsidiary and 1 subsidiary each in Sri Lanka and Mauritius.

Customers and executed projects

We execute a majority of our contracts with the various state government departments. In addition, we have executed contracts with a number of prominent government companies.
In addition to the above, we execute projects with various other companies particularly in the road projects such as Renaatus Projects Private Limited and P&C Projects Private Limited.

Some of the more prominent projects undertaken by us are set out below.

1. **Civil construction**

   Some of the projects undertaken by us are as follows:

   a. Construction of 795 ground floor dwelling units including infra structure work at Mysore city.

   b. Construction of a hospital building for a new Government Medical College at Dhindigul,

   c. Construction of shop office complex and 36 MSB Residential flat (BF+ 6 Floor) at Erode.

2. **Infrastructure**

   Some of the projects undertaken by us are as follows:

   a. Construction of substation in Bangladesh.

   b. Construction of storm water drain at Tuticorin.

   c. Site levelling and surveying work in Udangudi super critical TPP at BHEL, Tuticorin.

   d. Structural works of coal handling and Ash handling plant area and non-plant structure of unit I and II at 2*660 critical thermal power project at BHEL- Tuticorin, Tamil Nadu- code 1809.

   e. Road work at Cuddalore - Madapattu in Chennai Kanyakumari Industrial Corridor project cluster.

3. **Water management**

   Some of the projects undertaken by us are as follows:

   a. Construction of 12 elevated service reservoir with chlorination facility and providing distribution system including HSC in Tiruppur corporation Zone I & II.

   b. Jal Jeevan Mission for 2020-2021: CWSS to 442 Habitations in Modakurichi Union in Erode District.

   c. Providing improvement of water Supply distribution system to extended areas of Coimbatore city corporation.

   d. Extension, renovation and modernisation of Lower Bhavani Project Main canal from mile 18-1-375 to 39-0-000 in Erode District.

As on June 30, 2021, we employed 714 permanent, 147 contract labourers and 20 inter-state migrant workers.

Significant Factors Affecting Our Results of Operations

Nature of projects undertaken

An overwhelming majority of our projects are executed for or on behalf of government and government departments and entities. This has certain impact on our financial performance since the ability to negotiate contracts with government and government departments and entities is limited. Moreover, these contracts are made available through a public tendering process. Therefore, once the bidder satisfies the pre-qualification criteria stipulated (and these criteria are varied), the project, generally, is granted to the lowest bidder. This means that we may, on occasion, need to compromise on our margins which will have an adverse impact on our profitability.

Moreover, the nature of the contracts based on the pricing model also has an impact on our business.

Macroeconomic conditions in India and, in particular, the infrastructure sector

Our business is significantly dependent on the macroeconomic conditions in India and, in the states in which we operate. In particular, the performance of the infrastructure sector, specifically in the states such as Tamil Nadu, Karnataka, Maharashtra etc. are critical for our business operations. A significant majority of our operations are based in the southern state of Tamil Nadu, India. Therefore, the continued focus of the Tamil Nadu government on infrastructure is important.

Therefore, the policies of the Union and state government affecting the infrastructure sector and the industries pertaining to our raw material suppliers could assume critical importance. The 4 years preceding Fiscal 2020 witnessed a sharp increase in government spending, especially on infrastructure, such as roads, railways and highways. There can be no assurance that this will continue in future as well. Also, improvements in infrastructure facilities have a strong impact upon GDP growth. The overall economic growth will therefore impact the results of our operations.

Direct operating costs and cost of raw materials

A significant part of our costs are direct operating costs and cost of raw materials and components consumed. Set out below is the break-up of these elements during Fiscal 2020 and Fiscal 2021.

Particulars	**Fiscal 2021**		**Fiscal 2020**	
	Amount (₹ in crores)	**% of total expenses**	**Amount (₹ in crores)**	**% of total expenses**
Direct operating costs	322.34	64.18	346.22	60.29
Cost of raw materials	122.22	24.34	155.81	27.13
Total	**444.56**	**88.52**	**502.03**	**87.42**

The price and the supply of the raw materials depend on factors beyond our control, which include economic conditions, consumer demand, production levels, and transportation costs. Such variations in the cost structure affect our operations. Further, we usually do not enter into long-term supply contracts i.e. for a period of more than 1 year with any of our raw material suppliers.

In addition, in certain instances we sub-contract the work to other contractors and these costs are reflected as direct operating costs. We enter into such arrangements where we believe it is in the best interests of our Company and, generally, where our in-house capacity is stretched. The number of such arrangements that we execute could have an impact on our financial condition.

Competition

We operate in an extremely competitive environment. An overwhelming majority of our contracts are obtained through bidding for tenders. This is an extremely competitive process where the lowest bid secures the contract. This puts a strain on our margins and consequently our profitability. There are a number of small and medium sized operators who compete for the contracts as us – also some of these entities may be benefitted by of being locally in the state where the project is to be executed. Additionally, we also compete with the larger operators who have the benefit of size and economies of scale. Finally, the entry barriers into our business are not very high. Therefore, we may face competition from newer entrants. Our continued success and ability to scale up the size of our operations will depend to a great extent on our ability to successfully compete against different kinds of operators.

Some of the other factors that could affect our results of operations are set out below.

- Failure to maintain and / or augment our pre-qualification status;
- Inability to consistently procure government contracts;

- Regional concentration of operations - failure to broad base our area of operation;
- Unavailability of raw materials on time or at commercially acceptable rates;
- Our indebtedness and the conditions and restrictions imposed on us by our financing agreements; and
- Dependence on a number of key management personnel and senior management personnel.

A. Basis of Preparation

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flow together with notes for the year ended March 31, 2021, have been prepared in accordance with applicable Indian Accounting Standards (**Ind AS**) prescribed under section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules as amended from time to time.

The Financial Statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Division II of Schedule III to the Companies Act, 2013.

B. Significant Accounting Policies

For the significant accounting policies please refer to the chapter entitled '*Financial Statements*' beginning on page 148.

RESULTS OF OUR OPERATIONS

(₹ in crores)

Particulars	Fiscal 2021	Fiscal 2020
Income		
Revenue from operations	513.11	600.02
Other income	11.22	7.95
Total income from operations	**524.33**	**607.96**
Expenses		
Cost of raw materials and components Consumed	122.22	155.81
Direct operating cost	322.34	346.22
Employee benefit expense	10.94	13.41
Finance cost	18.95	22.68
Depreciation and amortization expense	6.12	7.16
Other expenses	21.64	29.02
Total expenses	**502.21**	**574.31**
Profit/(Loss) from ordinary activities before tax and exceptional items	**22.12**	**33.65**
Exceptional items	0.00	0.00
Profit / (Loss) after exceptional items before tax	**22.12**	**33.65**
Tax expense		0.00
a) Current tax	7.49	9.74

b) Taxes of earlier years	0.00	5.62
c) Deferred tax liability/(asset)	(0.86)	0.14
Total tax expense	**6.62**	**15.50**
Profit/(loss) for the year	**15.50**	**18.16**
Other comprehensive income		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit plans	0.09	(0.20)
Net change in fair values of investments in equity shares carried at fair value through OCI	0.00	0.01
Income tax relating to items that will not be reclassified to profit or loss	0.00	0.05
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	**0.00**	**0.00**
Items that will be reclassified to profit or loss	0.00	0.00
Exchange differences on translation of financial statement of foreign companies	7.00	(1.17)
Income tax relating to items that will be reclassified to profit or loss	0.00	0.00
Other comprehensive income for the year, net of tax	**7.09**	(1.31)
Total comprehensive income for the year, net of tax	**8.41**	19.47

Principal components of our statement of profit and loss account

<u>Income</u>

Our total income on a consolidated basis for Fiscal 2021 and Fiscal 2020 was ₹ 524.33 crores and ₹ 607.96 crores, respectively. Our total income consists of:

a. <u>Revenue from operations</u> - Our revenue from operations comprises principally of contract revenue from the projects executed by our Company.

b. <u>Other income</u> - Other income comprises primarily hire charges, consulting services and charges and interest income.

<u>Expenses</u>

Our total expense on a consolidated basis for Fiscal 2021 and Fiscal 2020 was ₹ 501.21 crores and ₹ 574.31 crores, respectively. The primary components of our expenses are cost of raw materials and components consumed, direct operating cost, employee benefit expense, finance cost, depreciation and amortisation expense, and other expenses.

a. Cost of raw materials and components consumed – This comprises costs towards steel and cement procurement;

b. Direct operating cost – This comprises our works contract cost i.e. cost of labour contracts awarded by our Company, and other operating cost;

c. Employee benefit expense – This comprises salaries, contribution to provident fund and other fund(s), gratuity and staff welfare expenses;

d. Finance cost – This comprises interest expenses on term and other loans and working capital loans, and borrowing costs such as bank charges and bank guarantee commission;

e. Depreciation and amortisation expense – This comprises both depreciation charges on tangible fixed assets and amortisation charges on intangible fixed assets; and

f. Other expenses – This comprises primarily repair and maintenance charges, travelling expenses, professional charges and rent and electricity.

Results of operation for Fiscal 2021 compared to Fiscal 2020

Income

Our total income decreased by 13.75% from ₹ 607.96 crores in Fiscal 2020 to ₹ 524.33 crores in Fiscal 2021. The decrease was primarily due to the COVID-19 pandemic and overall reduction in revenue from operations.

Revenue from operations

Our revenue from operations decreased by 14.88% from ₹ 600.02 crores in Fiscal 2020 to ₹ 513.11 crores Fiscal 2021. This was primarily due to the COVID-19 pandemic and the attendant lock-down which resulted in (a) delay in execution of operation and (b) delays in receipt of funds from the customers for works performed by our Company, which in turn led to a shortage of funds to execute projects. The COVID-19 pandemic also resulted in non-availability of materials and shortage of labour and skilled workers which also adversely affected our operations.

Other income

Our other income increased by 41.13% from ₹ 7.95 crores in Fiscal 2020 to ₹ 11.22 crores in Fiscal 2021. This was primarily due to consultancy services rendered to P&C Projects.

Expenses

Our total expenses decreased by 12.55% from ₹ 574.31 crores in Fiscal 2020 to ₹ 502.21 crores in Fiscal 2021. This decrease was primarily due to a decrease in the cost of raw materials and components consumed and a decrease in our direct operating costs.

Cost of raw materials and components consumed

Our expenditure on raw materials and components decreased by 21.56% from ₹ 155.81 crores in Fiscal 2020 to ₹ 122.22 crores primarily due to less usage of materials and components due to slow down in projects executed during COVID-19 pandemic.

Direct operating cost

Our direct operating cost decreased from ₹ 346.22 crores in Fiscal 2020 to ₹ 322.34 crores in Fiscal 2021, primarily due to a reduction in a works contracts cost due to reduction in slow in projects executed during the COVID-19 pandemic.

Employee benefit expense

Our employees benefit expense decreased by 18.43% from ₹ 13.41 crores in Fiscal 2020 to ₹ 10.94 crores in Fiscal 2021. This increase was primarily due to decrease in salary expenses due to our employees exercising the choice of availing of voluntary leave without pay during the COVID-19 pandemic.

Finance cost

Our finance cost decreased ₹ 22.68 crores in Fiscal 2020 to ₹ 18.95 crores in Fiscal 2021 due to our Company availing of the moratorium on the payment of interest extended by banks during the period of the COVID-19 pandemic lock-down.

Depreciation and amortisation expense

Our depreciation and amortisation expenses decreased by 14.60% from ₹ 7.16 crores in Fiscal 2020 to ₹ 6.12 crores due to sale of assets aggregating ₹ 4.00 crores. Further, purchase of assets was in the 4th quarter of Fiscal 2021 and the impact is likely to be felt in the coming financial year.

Other expenses

Our other expenses decreased by 25.43% from ₹ 29.02 crores in Fiscal 2020 to ₹ 21.64 crores in Fiscal 2021. Our Company had undertaken a complete maintenance overhaul of machinery on hand during Fiscal 2020. Since this is not an annual exercise we did not incur the additional expense in Fiscal 2021.

Tax expenses

Our total tax expenses decreased by 57.29% from ₹ 15.50 crores in Fiscal 2020 to ₹ 6.62 crores Fiscal 2021.

Current tax expenses

Our current tax expenses decreased by 23.10% from ₹ 9.74 crores in Fiscal 2020 to ₹ 7.49 crores in Fiscal 2021.

Taxes of earlier years

We were levied taxes of earlier years due to settlement commission final order amounting to ₹ 5.62 crores in Fiscal 2020. There were no tax levies of earlier years in Fiscal 2021.

Deferred tax expenses

Our deferred tax asset in Fiscal 2021 is ₹ 0.86 crores whereas our deferred tax liability in Fiscal 2020 was ₹ 0.14 crores. In the Fiscal 2020 due to settlement commission order, the liability of our Company increased resulting in the creation of a deferred tax liability. However, in Fiscal 2021, no such instance was reported and hence the tax paid during the year came back as deferred tax asset.

Profit for the year

As a result of the foregoing factors, our profit for the year decreased by 14.65% from ₹ 18.16 crores in Fiscal 2020 to ₹ 15.50 crores in Fiscal 2021.

Total comprehensive income

Our total comprehensive income decreased significantly by 56.80% from ₹ 19.47 crores in Fiscal 2020 to ₹ 8.41 crores in Fiscal 2021. Our other comprehensive income increased from ₹ (1.31) crores in Fiscal 2020 to ₹ 7.09 crores in Fiscal 2021.

Total comprehensive income also comprises gratuity valuation by a registered valuer. In Fiscal 2020, our Company erroneously shared foreign currency salary component of our branch employees in Indian Rupees to the valuer, which was considered for the gratuity valuation. In Fiscal 2021, however, the error was rectified and the registered valuer revalued the same to bring it at par with the Indian Rupees, resulting in a decrease in the current year.

Our other comprehensive income is ₹ (7.09) crores in Fiscal 2021 whereas it was ₹ (1.31) crores in Fiscal 2020. Other comprehensive income consists of foreign currency gain/loss accounted due to translation to Indian Rupee of subsidiary financials which are reported in their local currency.

Liquidity and capital resources

Historically, our primary liquidity requirements have been to finance the working capital and capital expenditure. We have met these requirements through cash flows from operations as well as through borrowings. As on March 31, 2021, we had a sum of ₹ 107.28 crores in cash and cash equivalents. In addition, as on March 31, 2021, we had long term borrowings from banks and financial institutions aggregating ₹ 57.96 crores.

We believe that our anticipated cash flow from operations, committed debt facilities, together with the proceeds from the Issue and our existing cash, will be sufficient to meet our operating and capital expenditure for Fiscal 2021.

Cash flows

The following table sets forth certain information in relation to our cash flows with respect to operating activities, investing activities and financing activities Fiscal 2021 and Fiscal 2020:

(in ₹ crores)

Particulars	**Fiscal**	
	2021	**2020**
Net cash generated from / (used in) operating activities	44.73	57.66
Net cash generated from / (used in) investing activities	(3.09)	0.71
Net cash generated from / (used in) financing activities	13.67	(55.11)
Net increase / decrease in cash and cash equivalent	**55.31**	**3.32**

Operating activities

Net cash flow from operating activities comprises cash consumed / generated from operations and increase / decrease in working capital.

Net cash flow generated from operating activities deceased by 22.40% from ₹ 57.66 crores in Fiscal 2020 to ₹ 44.73 crores in Fiscal 2021 primarily due to slowing down of operations due the COVID-19 pandemic.

Investing activities

Net cash flow from investing activities comprises proceeds from purchase and sale of fixed assets including capital work in progress and capital advances, receipt of interest and other income and investment in partnership firm.

Net cash flow generated from financing activities decreased from ₹ 0.71 crores in Fiscal 2020 to ₹ (3.09) crores in Fiscal 2021 primarily due to purchase of fixed assets during the year, proceeds from sale of investment and increase in receipt of interest.

Financing activities

Net cash flow from financing activities comprises proceeds / repayment of loans and payment of finance expenses.

Net cash generated from financing activities increased from ₹ (55.11) crores in Fiscal 2020 to ₹ 13.67 crores in Fiscal 2021 due to loans taken during the year and issue of share warrants.

Financial Indebtedness

Set out below are details of our outstanding secured financial indebtedness as on June 30, 2021.

(in ₹ crores)

Particulars	**Outstanding as on June 30, 2021**
Working capital limits (Fund based)	54.50
Working capital limits (Non-fund based)	238.00
Total working capital limits (A)	**292.50**
Term loan	19.54
Total term loan (B)	**19.54**
Total secured indebtedness (A+B)	**312.40**

As of June 30, 2021, we had long-term borrowings of ₹ 68.20 crores (including current maturities of long term debt) and short-term borrowings ₹ 31.62 crores. The following table sets forth certain information relating to our outstanding indebtedness as of June 30, 2021.

(in ₹ crores)

Particulars	Payment Due by Period		
	Less than 1 year	More than 1 year	Total
Long term borrowings			
Secured	10.99	21.77	32.76
Unsecured	Nil	40.11	40.11
Short term borrowings			
Secured	31.62	Nil	31.62
Unsecured	Nil	Nil	Nil

For more information regarding our financial indebtedness please refer to the chapter entitled '*Financial Statements'* beginning on page 148.

Commitments and contingent liabilities

Contingent liabilities

(in ₹ crores)

Particulars	Fiscal 2021	Fiscal 2020
(a) Counter indemnities given to banks in respect of contracts	227.30	233.24
(b) Income tax liability that may arise in respect of which our Company is in appeal	33.60	27.85
(c) Service tax liability that may arise in respect of matters in appeal	10.64	10.64
(d) TDS liability as reflected in the Traces portal which are under reconciliation/ appeal	0.05	-
(e) Value added tax liability that may arise in respect of matters in appeal	97.57	-
Total	**381.46**	**271.73**

For more information, please refer to the chapter entitled '*Financial Statements*' beginning on page 148.

Related party transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our Promoters and key management personnel on an arm's length basis. Such transactions could be for sales professional fees, salary etc. For further details of our related party transactions, see the chapter entitled *'Financial Statements'* on beginning page 148.

Off-Balance sheet arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationship with any entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Qualifications and matters of emphasis

Our Financial Statements do not contain any qualifications and reservations by our statutory auditor in his audit report relating to Fiscal 2021. However, our statutory auditory invited attention to the following *'Emphasis on matter'* in this audit report for Fiscal 2021.

"The mobilisation advance received by the Company from certain departments and the proportionate amount which has to be classified as GST liability has been shown as mobilisation advance liability to the extent of Rs. 3.06 Crores.

I draw attention to note No.2.03(viii) of the Standalone financial statements in which the company describes the uncertainties arising from the Covid-19 Pandemic."

Change in accounting policies

Except for our Company adopting Ind AS in accordance with applicable law, our Company has not changed its accounting policies in the last 5 Fiscals.

Quantitative and qualitative disclosures about market risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodity risk. We are exposed to commodity risk, interest rate risk and credit risk in the normal course of our business. The following discussion and analysis, which constitutes '*forward-looking statements*' involves risk and uncertainties and summarise our exposure to different market risk.

Commodity price risk

Commodity prices, especially prices for our raw materials including steel and cement, have a significant impact on our results of operations. Commodity prices are influenced by changes in global economic conditions, related industry cycles, demand-supply dynamics and attempts by individual producers to capture market share. In addition to market fluctuations, our average selling prices can be affected by contractual arrangements.

Foreign Exchange Risk

Changes in currency exchange rates may indirectly influence our results of operations. Our Company has international operations particularly in Myanmar, Sri Lanka and Bangladesh. Any adverse change in foreign exchange rates may adversely affect our results of operations.

Credit Risk

We are exposed to credit risk on amounts owed to us by our customers. If our customers do not pay us promptly, or at all, it may impact our working capital cycle and / or we may have to make provisions for or write-off on such amounts.

Significant dependence on a single or few customers or suppliers

While revenue from any particular customer may vary between financial reporting periods depending on the nature and term of on-going contracts, historically, we have been heavily dependent of government and government department / entities for a majority of our revenue.

Interest Rate Risk

As of March 31, 2021, our Company had outstanding secured loans of ₹ 77.50 crores on a consolidated basis, some of which were on floating rate of interest. Therefore, fluctuations in interest rates could have the effect of increasing the interest due on our Company's outstanding debt and increases in such rates could make it more difficult for our Company to procure new debt on attractive terms.

Competitive Conditions

We operate in a competitive environment, both in domestic and international markets. For further information, please refer to the section entitled '*Risk Factors*' and the chapters entitled '*Industry Overview*' and '*Our Business*' beginning on pages 22, 71 and 127 respectively and the sub-heading entitled '*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant factors affecting our results of operations' on page* 201.

Seasonality of business

Our Company's business is not subject to seasonal changes.

Cyclical nature of business

Our Company's business is not cyclical in nature.

Unusual or infrequent events or transaction

Except as set out in this Draft Letter of Offer, there have been, to our knowledge, no unusual or infrequent events or transactions that have in the past, or may in the future, affect our business operations or future financial performance.

Significant economic changes

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations. These have been identified in the sub-heading entitled *'Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant factors affecting our results of operations' on page* 201 and the section entitled '*Risk Factors*' beginning on page 22. In particular, we derive a significant part of our revenue from operations from Tamil Nadu, and, consequently, any significant change affecting the industry in Tamil Nadu would have an impact on our Company.

Known Trends or Uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above under the sub-heading entitled '*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant factors affecting our results of operations' on page* 201 and the uncertainties described in section entitled *'Risk Factors'* on page 22. To our knowledge, except as we have described in this Draft Letter of Offer, there are no known factors, which are expected to have a material adverse impact on our revenues and results of operation.

Future Relationships between Costs and Income

Other than as described in the section entitled '*Risk Factors'* and the chapters entitled '*Our Business'* and '*Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning* on pages 22, 127 and 200, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Significant Developments after March 31, 2021

While no material developments have occurred which requires adjustments in the audited accounts for the period ended March 31, 2021, our Company has received and accepted sanctions for term loans for purchase of construction equipment (i.e., vehicles) aggregating ₹ 4.52 crores.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company and our Subsidiaries are subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. Our Company's 'Policy for Determination of Materiality', framed in accordance with Regulation 30 of the SEBI Listing Regulations, does not stipulate any materiality threshold litigation.

Except as disclosed below, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and / or our Subsidiary; (ii) material violations of statutory regulations by our Company and / or our Subsidiary; (iii) economic offences where proceedings have been initiated against our Company and / or our Subsidiary; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position. Pre-litigation notices received by our Company and / or our Subsidiaries from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company and / or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.

I. Litigation involving our Company

Civil Proceedings

1. Our Company has initiated arbitration proceedings against Mangalore SEZ Limited before Justice K.N. Phaneendra (retired), sole arbitrator. Our Company has filed a statement of claim dated March 15, 2021 before the arbitrator alleging that Mangalore SEZ Limited had changed the scope of work from sand piling to sheet piling and various delays have been caused by Mangalore SEZ Limited including providing our Company with possession of the land on which the work was required to be carried out and approval of the work by an independent agency. The claim amount involved is ₹ 24,07,71,282. The next hearing in the matter is scheduled to occur on September 8, 2021.

2. Our Company had initiated arbitration proceedings against NTPC Tamil Nadu Energy Company Limited before Justice Dr. P. Jyothimani (retired), sole arbitrator. Our Company had filed a statement of claim dated April 17, 2015 alleging, *inter alia*, that NTPC Tamil Nadu Energy Company Limited failed to process escalation of costs, reimburse the charges incurred by our Company for plant and machineries and refund to the bank guarantees provided by our Company. The claim amount involved is ₹ 37,33,97,919.86. On November 21, 2015, NTPC Tamil Nadu Energy Company Limited had filed a counter claim for ₹ 1,17,85,11,547 along with interest thereon. The sole arbitrator passed an award dated October 18, 2019 against our Company on the grounds, inter *alia*, that our Company has failed to complete the work even after an extension was granted by NTPC Tamil Nadu Energy Company Limited and has failed to provide evidence of outstanding bills owed by NTPC Tamil Nadu Energy Company Limited. Accordingly, the sole arbitrator allowed the counter claim of NTPC Tamil Nadu Energy Company Limited to the extent of ₹ 45,08,23,035.87 and claim of our Company to the extent of ₹ 47,84,924. On November 18, 2019, NTPC Tamil Nadu Energy Company Limited filed an application under Section 33 of the Arbitration and Conciliation Act, 1996 before Justice Dr. P. Jyothimani (retired), sole arbitrator seeking an additional award of ₹ 35,88,62,564.13. The said application was rejected by the sole arbitrator pursuant to an order dated December 27, 2019 on the ground that modification of an arbitral award passed on merits is impermissible. Our Company has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 on March 3, 2020 before the High Court of Delhi for setting aside the awards dated October 18, 2019 and December 27, 2019. The next hearing in this matter is scheduled for

October 5, 2021. NTPC Tamil Nadu Energy Company Limited has also filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 on June 2, 2020 before the High Court of Delhi for setting aside the awards dated October 18, 2019 and December 27, 2019. The next hearing in this matter is scheduled for September 14, 2021.

3. Our Company had initiated dispute resolution proceedings against Kamarajar Port Limited before a dispute review board consists of G. Srinivasan (Presiding Conciliator), B. Poiyaamozhi (Conciliator) and S. Desigavinayagam (Conciliator) alleging, *inter alia*, that Kamarajar Port Limited has failed to make payment of the outstanding amounts owed to our Company. The claim amount involved is ₹ 16,71,09,453. No counter claims were filed by Kamarajar Port Limited. On December 31, 2020, the dispute review board passed an award in favour of our Company and directed Kamarajar Port Limited to pay ₹ 68,61,064 to our Company. Our Company being dissatisfied with the said award, has preferred an appeal dated January 20, 2021 against the aforementioned award before an arbitral tribunal comprising of Justice D. Hariparanthaman (retired), Mr. T. Mohan and Mr. S. Soundarajan. The matter is pending.

4. On February 4, 2020, the resolution professional for M/s Unique Roof Private Limited filed an application bearing no. IA/192/2020 under Sections 17, 18, 20 and 25(2)(b) of IBC before NCLT, Chennai, against our Company for recovery of ₹ 4,64,847 along with interest at the rate of 18% p.a. amounting to ₹ 1,70,538. Our Company through letter dated February 7, 2020 informed the NCLT, Chennai that all pending dues owed to M/s Unique Roof Private Limited have been paid off by our Company. Thereafter, our Company has filed a counter-affidavit / reply on November 21, 2020 before NCLT, Chennai contending that application bearing no. IA/192/2020 is not maintainable as our Company doesn't owe any monies to M/s Unique Roof Private Limited, and that the said application has been filed beyond the limitation period of 3 years. On November 28, 2020, the resolution professional for M/s Unique Roof Private Limited filed a rejoinder to the application bearing no. IA/192/2020. On December 3, 2020, the NCLT, Chennai has passed an order recording that the pleadings with respect to the aforementioned matter are complete. The next hearing in the said matter is scheduled on September 15, 2021.

Tax proceedings:

Nature of Case	No. of Cases	Total Amount Involved (₹ crores)
Direct tax litigations*	17	33.42
Indirect tax litigations	6	108.22
TOTAL	**23**	**141.64**

***** *The amounts reflected in the table above are based on the data uploaded on the portal of the Income Tax authority. The income tax portal has not been updated to reflect certain payments made by our Company, and the effect of such payments has not been given in the table above. Further, the data in the income tax portal is also at variance with certain demand notices / orders received by our Company. The table above reflects the amount shown in the portal or the demand notices/orders received whichever is later.*

Nature of Demand	No. of Demands#	Total Amount Involved (₹ crores)
Direct Tax demands	0	0
Indirect Tax demands	2	12.54
TOTAL	**2**	**12.54**

*Please note that our Company has received certain show cause notices / demands for its alleged outstanding tax liability* *in connection with which no dispute has been initiated by the tax authorities as on date of filing of this Draft Letter of Offer.*

Our Company has received following notices from the authorities:

1. The Assistant P.F. Commissioner (Comp.) issued a show cause notice dated April 2, 2019, to our Company as our Company failed to submit all books of accounts and records in accordance with the spot notice issued by the Enforcement Officer on February 1, 2019. Our Company replied to the aforementioned show cause notice through letters dated April 22, 2019 and August 19, 2019. Further, our Company through a letter dated February 23, 2021 requested the Enforcement Officer to provide a period of 10 days to submit all other pending documents. The Enforcement Officer through a letter dated April 16, 2021 granted our Company a final opportunity to submit all the pending details on or before April 19, 2021. Our Company through a letter dated April 19, 2021 submitted the documents to the Enforcement Officer. The matter is still pending.

2. The former statutory auditor of our Company i.e., M/s Sundaram & Narayanan has submitted its report under Section 143(12) of the Companies Act, 2013 to the Secretary of MCA through letter dated October 11, 2019. The Statutory Auditor Report, relying on the Settlement Order noted that A. Nithya has withdrawn ₹ 25,33,85,826 comprising of bogus expenses of ₹ 25,18,57,141 and bogus purchases of ₹ 15,28,685 over a period of 7 years from April 1, 2009 to March 31, 2016. In relation to the said report, RoC has issued a notice of inquiry dated December 18, 2019 along with summons dated January 3, 2020 to our Company. Our Company has responded to the aforementioned notice and summons through its letter dated January 8, 2020. Additionally, RoC has issued a further notice of inquiry dated January 6, 2021 to our Company. Our Company has responded to the aforementioned notice of inquiry through the letter dated 29 January 2021 and the matter is still pending.

3. The Superintendent, Salem, Tamil Nadu through summons dated March 1, 2021 issued under Section 70 of the Central Goods and Services Act, 2017 instructing our Company to appear before him on March 12, 2021 along with the relevant documents in relation to the verification of input tax credit availed by Our Company. As instructed, our Company's officer appeared before the Superintendent, Salem, Tamil Nadu on March 12, 2021 and submitted the requisite documents. The matter is still pending.

4. SEBI through its email dated March 17, 2021 and subsequent correspondence including letter dated July 30, 2021 issued under Section 11 of the SEBI Act, sought information / clarification from our Company on various aspects including: (a) sale by our Promoters of their Equity Shares in FY 2018; (b) end use of the proceeds of such sale; (c) details and reasons for our Promoters pledging their Equity Shares; and (d) reasons for resignation of the previous 2 compliance officers of our Company in June 2019 and June 2020. Additionally, SEBI has sought information on the increase and decrease in cost of materials consumed and direct operating costs. We have provided our response on a few of the clarifications / information sought by SEBI and are in the process of providing responses to the others. Our Company has been granted time till August 17, 2021 to respond.

5. NSE through its emails dated March 22, 2021 and July 22, 2021 has sought information / clarification from our Company on various aspects including, (a) details and reasons for increase in works cost to sales ratio and decrease of net profit ratio to sales for the last 5 financial years; (b) details and reasons for use of the personal funds of our Promoters, from sale of their Equity Shares in FY 2018; (c) whether our Promoters were in the possession of unpublished price sensitive information during the period of sale of their Equity Shares i.e., March, 2017 to July, 2017 and

February, 2019; (d) details of advances made by our Promoters to our Company out of the proceeds of the aforementioned sale of Equity Shares, including terms of repayment and interest rate and (e) the status of certain arbitration proceedings pending between our Company and the State Industries Promotion Corporation of Tamil Nadu, the Rail India Technical and Economic Service Limited and NTPC Tamil Nadu Energy Company Limited and the list of debtors and creditors. We have provided replies / information / clarification on certain aspects sought by the NSE and are in the process of providing our response to the others.

II. Proceedings involving by our Promoters/ Director/ Subsidiaries

a) Criminal proceedings (including proceedings for economic offences):

Nil

b) Direct tax proceedings:

Nil

c) Indirect tax proceedings:

Nil

d) Civil proceedings (including proceedings for economic offences):

Nil

e) Arbitration proceedings:

Nil

f) Legal Notices and Other Threatened Legal Proceedings:

Nil

MATERIAL DEVELOPMENTS

While no material developments have occurred which requires adjustments in the audited accounts for the period ended March 31, 2021, our Company has received and accepted sanctions for term loans for purchase of construction equipment (i.e., vehicles) aggregating ₹ 4.52 crores.

GOVERNMENT APPROVALS

As on the date of this Draft Letter of Offer, there are no material pending government and regulatory approvals pertaining to the objects of the Issue.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of the Board passed at its meeting held on February 17, 2021, pursuant to Section 62 of the Companies Act, 2013. The Board of the Company has approved this Draft Letter of Offer at their board meeting held on August 13, 2021.

The Rights Issue Committee of our Company has, at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) to the Eligible Equity Shareholders and the Warrant Holders (who may participate in proportion to the Warrants held by them only on, and to the extent of, conversion of the Warrants into the Equity Shares) in consultation with the Lead Manager, and the Rights Entitlement as [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date.

On Application, Investors will have to pay ₹ [●] per Rights Equity Share, which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion.

This Draft Letter of Offer was approved by our Board pursuant to its resolution dated [●].

Our Company has received 'in-principle' approvals from BSE and NSE pursuant to Regulation 28 of the SEBI Listing Regulations, *vide* their letters dated [●] and [●], respectively, for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, please see the chapter entitled *'Terms of the Issue'* beginning on page 222.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Promoter Group or our Directors, have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

The companies with which our Promoters or our Directors are or were associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our individual Promoters nor any of our Directors have been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market.

There is no action initiated by SEBI against the entities operating in the securities market with which our Directors are associated which is outstanding as on date of this Draft Letter of Offer.

Prohibition by RBI

Neither our Company nor our Promoters, relatives (as defined under Companies Act) of our Promoters, Directors, have been identified as Wilful Defaulters.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters and members of our Promoter Group are in compliance and undertake to comply with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended (**SBO Rules**), to the extent applicable, as on the date of this Draft Letter of Offer.

Under the Companies (Significant Beneficial Ownership) Rules, 2018, certain persons who are 'significant beneficial owners' (**SBO**), are required to intimate their beneficial holdings to our Company in Form No. BEN-1. Upon receipt of a declaration by an SBO, our Company is required to, within 30 days of receiving such declaration, file a return in Form No. BEN-2 with RoC in respect of each such declaration received by us. Further, we are required to maintain a register of SBOs in Form No. BEN-3 which shall be available for inspection to the shareholders of our Company, and are also required to give notice in Form No. BEN-4 to all our members (who are not individuals) who hold more than 10% of the Equity Shares, asking them to, *inter alia,* disclose information of the respective SBO of such member.

Eligibility for the Issue

Our Company has been incorporated under the Companies Act, 1956 and our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer the Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations 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 Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Our Company confirms that it is also in compliance with the conditions specified in Regulation 62 (1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 62 (2) of the SEBI ICDR Regulations, to the extent applicable.

Compliance with Clause (1) of 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 SEBI Listing Regulations, as applicable for the last 1 year immediately preceding the date of filing of this Draft Letter of Offer with Designated Stock Exchange;

2. The reports, statements and information referred to above are available on the website of BSE and NSE; 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.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of the SEBI ICDR

Regulations are not applicable to our Company, the disclosures in this Draft Letter of Offer are made in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause, as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause, as intimated by NSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this 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 law, rules, regulations, guidelines and approvals to acquire the Rights 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 relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is [●].

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased from ₹ 10 crores to ₹ 50 crores. Since the size of this Issue falls below this threshold, this Draft Letter of Offer has been filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

SEBI filing shall be done through the SEBI intermediary portal at https://siportal.sebi.gov.in/intermediary/index.html in terms of the circular No. SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 issued by SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Draft Letter of Offer to the e-mail address: cfddil@sebi.gov.in

Listing

Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Performance *vis-à-vis* objects – Public / Rights Issue of our Company

Our Company has not made any rights issues or public issues during the 5 years immediately preceding the date of this Draft Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (**SCORES**) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. 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. Cameo Corporate Services 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 15 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue / post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole / first holder, folio number or demat account number, serial number of the Application Form, number of the Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, please see the chapter entitled *'Terms of the Issue'* beginning on page 222.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue at:

Cameo Corporate Services Limited
Subramanium Building #1,
Club House Road,
Chennai 600 002, India
Tel: +91 44 2846 0390 / +91 44 40020700
Fax: +91 44 2846 0129
Email: priya@cameoindia.com
Investor Grievance Email: investor@cameoindia.com
Website: www.cameoindia.com / https://rights.cameoindia.com/rpp
Contact Person: Ms. Sreepriya K
SEBI Registration No.: INR000003753
CIN: U67120TN1998PLC041613

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

Pradeep Kumar Nath is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

Pradeep Kumar Nath
S.F.No: 454, Raghupathynaiken Palayam,
Poondurai Road,
Railway Colony, Erode – 638 002
Tamil Nadu
Tel: +91 424 2284077
Fax: +91 424 2282077
E-mail: rightsissue@rppipl.com; and secretary@rppipl.com

In accordance with the SEBI Rights Issue Circulars, frequently asked questions and guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar.

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 Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. 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 or by mechanism as disclosed in this section.

Further, SEBI has pursuant to the SEBI Rights Issue Circulars has stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the 2020 SEBI Circular or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, please see the sub-heading entitled 'Terms of the Issue - Making of an Application by Eligible Equity Shareholders holding the Equity Shares in physical form' on page 232.

Investors are requested to note that application in this Issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA is onetime relaxation made available by SEBI in view of the COVID-19 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at https://rights.cameoindia.com/rpp

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing 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 Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

Important:

I. DISPATCH AND AVAIALABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, our Company will send, only through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Draft Letter of Offer 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 this Draft Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Draft Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable laws) on the websites of:

1. our Company at www.rppipl.com

2. the Registrar at https://rights.cameoindia.com/rpp

3. the Lead Manager www.ingaventures.com

4. the Stock Exchanges at www.nseindia.com and www.bseindia.com; and

5. the Registrar's web-based application platform at https://rights.cameoindia.com/rpp **(R-WAP)**

Shareholders who have not received the Application Form may apply, along with the requisite Application Money, by using the Application Form available on the websites above, or on plain paper, with the same details as per the Application Form available online.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., https://rights.cameoindia.com/rpp) 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), PAN and such other credentials. The link for the same shall also be available on the website of our Company (i.e., www.rppipl.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for non-dispatch of physical copies of Issue materials, including this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Form or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the 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 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, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the R-WAP (instituted only for resident Investors in this Issue). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, please see the sub-headings entitled '*Terms of the Issue - Making of an Application through the ASBA process*' and '*Terms of the Issue - Making of an Application through the Registrar's Web-based Application Platform (R-WAP) process*' on page 225 and 227.

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 the sub-heading entitled '*Term of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*' on page 240.

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 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.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. 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 the sub-heading entitled '*Terms of the Issue - Grounds for Technical Rejection*' on page 235. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of 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 Equity Shares to the full extent of its Rights Entitlements; or

ii. apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

iii. apply for Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

iv. apply for its Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or

v. renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in 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 shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors may apply for the 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:

i. the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or

ii. the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Do's for Investors applying through ASBA:

a. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be Allotted in the dematerialized form only.

b. 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.

c. Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

d. 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.

e. Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

f. 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.

g. 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.

Don'ts for investors applying through ASBA:

a. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

b. Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

c. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

d. Do not submit Application Form using third party ASBA account.

Making of an Application through the Registrar's Web-based Application Platform (R-WAP) process

In accordance with the R-WAP Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at https://rights.cameoindia.com/rpp), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.

At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP. Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

Set out below is the procedure followed using the R-WAP:

a. Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the R-WAP Circulars.

b. Resident Investors should visit R-WAP (accessible at https://rights.cameoindia.com/rpp) and fill the online Application Form available on R-WAP in electronic mode. Please ensure that you provide correct DP ID, Client ID, PAN and Folio number (for resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) along with all other details sought for while submitting the online Application Form.

c. Non-resident Investors and non-individual Investors are not eligible to apply in this Issue through R-WAP.

d. Investors should ensure that Application process is verified through the e-mail / phone / mobile number or other means as applicable. Post due verification, Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Equity Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Equity Shares applied for.

e. Investors who are Renouncees should select the category of 'Renouncee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Equity Shares applied for in the Issue.

f. The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.

g. Verification, if any, in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

h. The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account "[●]" opened by our Company with the Escrow Collection Bank(s).

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (https://rights.cameoindia.com/rpp) or call helpline number (+91 73388 08559 or +91 93420 72988).

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGER SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, PLEASE SEE THE SECTION ON '*RISK FACTORS*' BEGINNING ON PAGE 22.

Do's for Investors applying through R-WAP

a. Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.

b. Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in the bank account through which payment is made using the R-WAP.

c. Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment.

d. Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds.

e. Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) DP ID and Client ID, as applicable and all such other details as may be required.

f. Ensure that you receive an acknowledgement from the R-WAP for your submission of the *Application.*

Don'ts for Investors applying through R-WAP:

a. Do not apply from bank account of third parties.

b. Do not apply if you are a non-resident Investor.

c. Do not apply from non-resident account.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or 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 Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

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.

Please note that 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.

PLEASE NOTE THAT THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

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 R.P.P. Infra Projects 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 Equity Shares entitled to;

8. Number of Equity Shares applied for within the Rights Entitlements;

9. Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10. Total number of Equity Shares applied for;

11. Total amount paid at the rate of ₹ [●] per 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 Registrars at Subramanium Building #1, Club House Road, Chennai – 600 002, Tamil Nadu, India; and

17. All such Eligible Equity Shareholders are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlements nor the 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 Equity Shares referred to in this application are being offered and sold only in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("Regulation S") to existing shareholders who are located in jurisdictions where such offer and sale of the 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 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 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 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, 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, 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 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 Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the chapter entitled 'Restrictions on Purchases and Resales' beginning on page 261.

I/ We understand and agree that the Rights Entitlements and Equity Shares may not be reoffered, resold, pledged or otherwise except in an offshore transaction in accordance with Regulation S to a person outside the United States.

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 not having any liability to the Investor.

The plain paper Application format will be available on the website of the Registrar at https://rights.cameoindia.com/rpp Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by (i) 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, or (ii) filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB or using R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the sub-heading entitled *'Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process'* on page 229.

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 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 Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least 2 Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least 1 day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

a. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than 2 Working Days prior to the Issue Closing Date. ; Alternatively, they can register their demat account number against the physical folio held by them in the "Demat Registration Module" available in the R-WAP portal made available by the Registrar at https://rights.cameoindia.com/rpp;

b. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least 1 day before the Issue Closing Date; and

c. The remaining procedure for Application shall be same as set out in the sub-heading entitled '*Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*' on page 229.

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 Equity Shares while submitting the Application through ASBA process or using the R-WAP.

Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional 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. Applications for additional 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 the sub-heading entitled *'Terms of the Issue - Basis of Allotment'* beginning on page 252.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Additional general instructions for Investors in relation to making of an Application

a. Please read this Draft Letter of Offer carefully to understand the Application process and applicable settlement process.

b. Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

c. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the sub-heading entitled *'Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process'* on page 229.

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, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

e. Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.

f. All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of 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 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. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match 3 parameters i.e., (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

h. By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

i. For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his / her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

j. Investors should provide correct DP ID and Client ID / Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID should match the demat account details in the records available with Company and / or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

k. In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

l. All communication in connection with Application for the Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first / sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

m. Investors are required to ensure that the number of 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. No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

t. An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

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.

b. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

c. Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), 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 Draft Letter of Offer.

m. Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

n. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

o. If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

p. Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the 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 (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the 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 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 (other than from persons in the United States who are U.S. QIBs and QPs).

s. Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):

    i. Applications by non-resident Investors.

    ii. Payment from third party bank accounts.

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 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'* beginning on page 239.

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 R-WAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in the sub-heading entitled *'Capital Structure - Intention and extent of participation by our Promoters and Promoter Group'* on page 60.

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.

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 (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative 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 the 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 or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

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 Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares a land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (**Restricted Investors**), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

*Procedure for Applications by Systemically Important Non-Banking Financial Companies (**NBFC-SI**)*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●] i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in sub-heading entitled *'Terms of the Issue - Basis of Allotment'* on page 252.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their 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 or sending the e-mail withdrawal request to priya@cameoindia.com in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, 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 and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

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, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period on or before T+1 day (T: Basis of allotment day). 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 dematerialized 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 the Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., Cameo Corporate Services Limited at https://rights.cameoindia.com/rpp) by entering their DP ID and Client ID and PAN. The link for the same shall also be available on the website of our Company (i.e., www.rppipl.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on the 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 2 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 1 day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., Cameo Corporate Services Limited at https://rights.cameoindia.com/rpp). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP (an additional optional facility).

For details of Application through R-WAP by the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, please see sub-heading entitled *'Terms of the Issue - Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form'* on page 232.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. This Draft Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company or the Eligible Shareholders have not provided valid e-mail addresses to our Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

This Draft Letter of Offer, the Letter of Offer the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares and / or the Rights Entitlements under applicable securities laws) and on the Stock Exchange website. The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of the Rights Equity Shares and / or the Rights Entitlements on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been 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 this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

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 Stock Exchange or through an off-market transfer. For details, please see the sub-heading entitled '*Terms of the Issue - Procedure for Renunciation of Rights Entitlements*' on page 244.

In accordance with R-WAP Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least 2 Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in dematerialised account

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 the Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, 'RPP Infra Limited Rights issue – Suspense Escrow Demat Account') opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit / credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) 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 (e) instances where credit of the Rights Entitlements returned/reversed/failed; or (f) Equity Shares, the ownership of which is currently under dispute, including in any court proceedings.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. 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.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than 2 Working Days prior to the Issue Closing Date, i.e., by [●] 2021 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least 1 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.

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 after keying in their respective details along with other security control measures implemented thereat.

IV. RESERVATIONS IN FAVOUR OF WARRANT HOLDERS

On July 14, 2020, the Share Allotment Committee of the Board of our Company approved the allotment of 40,00,000 warrants convertible into Equity Shares of our Company of ₹ 10 each to the Promoters on preferential basis at an issue price of ₹ 90 per warrant. Subsequently, on March 4, 2021, the Share Allotment Committee of the Board of our Company allotted 10,50,000 fully paid-up Equity Shares of ₹ 10 each on conversion of 10,50,000 warrants on receipt of full consideration towards these warrants on the exercise of option of conversion.

Pursuant to Regulation 74 of the SEBI ICDR Regulations our Company has made a reservation of the Equity Shares in the Issue in favour of the Warrant Holders in proportion subject to, and to the extent of, the conversion of such Warrants, and subject to applicable laws. Further, the Rights Equity Shares to be issued to the Warrant Holders (assuming full conversion of the Warrants and subscription to their full entitlement pursuant to the Issue) will form part of the existing Issue Size not exceeding ₹ 48.00 crores. The Rights Equity Shares so reserved shall be issued at the time of conversion of the Warrants on the same terms at which the Rights Equity Shares are being issued under the Issue. The Warrant Holders shall exercise such right within 15 Working Days of the date of allotment of Equity Shares pursuant to conversion of Warrants. Further, the Warrant Holders shall intimate our Company of its exercise of such right and shall pay the relevant issue price within 15 Working Days, failure of which the right of the Warrant Holders to participate in the reservation in the Issue shall fall away.

The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations.

V. 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 Stock Exchanges 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 Stock Exchanges (**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.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI 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 Exchanges under [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and 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 Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

VI. MODE OF PAYMENT

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

a) In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

b) Subject to the above, in case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

c) In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

d) Application Forms received from non-residents / NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

e) In the case of NRIs who remit their Application Money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

f) Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares.

For details of mode of payment in case of Application through R-WAP, please see the sub-heading entitled '*Terms of the Issue - Making of an Application through the Registrar's Web-based Application Platform (R-WAP) process*' on pages 227.

VII. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The 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 chapter entitled '*The Issue*' beginning on page 51.

Face Value

Each Rights Equity Share will have the face value of ₹ 10.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) in this Issue. On Application, Investors will have to pay ₹ [●] per Rights Equity Share, which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share, which constitutes [●]% of the Issue Price, will have to be paid, on one or more Call(s), as determined by our Board at its sole discretion, from time to time.

The Issue Price for the Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Record date for Calls and suspension of trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of Rights Equity Shareholders to whom the notice for the Calls would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the calls have been made may be suspended prior to the Call Record Date.

Procedure for Calls for the Rights Equity Shares

Our Company would convene a meeting of our Board to pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Tamil language daily newspaper (Tamil being the regional language of Erode, where our Registered is situated), all with wide circulation.

The Calls shall be deemed to have been made at the time when the resolution authorising such Calls are passed at the meeting of our Board. The Calls may be revoked or postponed at the discretion of our Board. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Calls. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Money as per the timelines stipulated unless extended by our Board, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made.

Payment of Call Money

In accordance with the SEBI circular SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in call for partly paid specified securities issued by the listed entity, the holders of the Rights Equity Shares may make payment of the Call Monies using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call, in the Investor's ASBA Account. The holders of the Rights Equity Shares may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Monies.

Separate ISIN for the Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per the SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. 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 if they apply for the additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Share 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 the additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for the additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for the additional Rights Equity Shares, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Please note that Equity Shares are being reserved in favour of the Warrant Holders in the same ratio as offered to the Eligible Equity Shareholders. Post conversion of the Warrants into the Equity Shares, if the shareholding of the Warrant Holders is not in the multiple of [●] Equity Shares, the fractional entitlement of such Warrant Holders shall be ignored in the computation of the Rights Entitlement.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing 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 Agreement 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, upon being fully paid up, rank pari passu with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

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 Stock Exchange. 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 the BSE and the NSE through letters bearing reference number [●] and [●] dated [●] and [●], respectively.

Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The existing Equity Shares are listed and traded on NSE (Scrip Code: RPPINFRA) under the ISIN: INE324L01013. 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 existing ISIN for the 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, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within 4 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 4 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 5th 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 our Promoter Group

For details of the intent and extent of subscription by our Promoters and the Promoter Group, please see the sub-heading entitled *'Capital Structure - Intention and extent of participation by our Promoters and Promoter Group'* on page 60.

Rights of Holders of the Rights Equity Shares of our Company

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

a. The right to receive dividend, if declared;
b. The right to vote in person, or by proxy, except in case of the Rights Equity Shares credited to the demat;
c. Suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
d. The right to receive surplus on liquidation;
e. The right to free transferability of the Rights Equity Shares;
f. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and
g. 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.

Subject to applicable law and Articles of Association, holders of the Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

VIII. 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 the 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 the Rights 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

In accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circulars, our Company will send, primarily through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Draft Letter of Offer will be provided, primarily through email, by the Registrar on behalf of our Company and the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company or the Eligible Shareholders have not provided valid e-mail addresses to our Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Tamil language daily newspaper with wide circulation (Tamil being the regional language of Erode, where our Registered Office is situated).

This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

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 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 the 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 the Rights Equity Shares and issue of the Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar, i.e., Cameo Corporate Services Limited at https://rights.cameoindia.com/sfhl.

The Abridged Letter of Offer, Application Form and other applicable Issue materials shall be sent primarily to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company. Investors can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchange. 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 the Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager. Individual Non-resident Indian Investors can obtain Application Forms from the Registrar to the Issue at Subramanium Building #1, Club House Road, Chennai – 600 002, Tamil Nadu, India.

Please note that only resident Investors can submit an Application using the R-WAP facility.

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 and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to priya@cameoindia.com.

ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE 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*' ON PAGE 254.

IX. ISSUE SCHEDULE

Last date for credit of rights entitlements	**[●]**
Issue opening date	**[●]**
Last date for on market renunciation of rights entitlements	**[●]**
Issue closing date	**[●]**
Finalisation of basis of allotment	**[●]**
Date of allotment	**[●]**
Date of credit	**[●]**
Date of listing	**[●]**

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 day before the Issue Closing Date, i.e., [●].

X. BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Equity Shares in the following order of priority:

a. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for 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 Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

c. Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional 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 Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

d. Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, 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 (d) 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, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Equity Shares in this Issue, along with:

a. 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;

b. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

c. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank(s) with list of Allottees and corresponding amount to be transferred to the Allotment Account(s). Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

XI. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret 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 Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. 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 an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

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 Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XII. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

a. Unblocking amounts blocked using ASBA facility.

b. **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

c. **National Electronic Fund Transfer (NEFT)** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code **(IFSC Code)**, which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

d. **Direct Credit** – Investors having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

e. **RTGS** – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

f. For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

g. Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XIII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/

CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST 2 WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated October 19, 2010 with NSDL and an agreement dated July 20, 2010 with CDSL 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.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialised form is as under:

A. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

B. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

C. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in the Application Form should be the same as registered with the Investor's depository participant.

D. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Equity Shares and the Application Form will be rejected.

E. The Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

F. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.

G. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIV. IMPERSONATION

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or 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 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 ₹ 10,00,000 or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than 6 months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than 3 years) and fine of an amount not less than the amount involved in the fraud, extending up to 3 times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10,00,000 or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to 5 years or a fine of an amount extending up to ₹ 50,00,000 or with both.

XV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

1. All monies received out of this Issue shall be transferred to a separate bank account;

2. 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

3. 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.

XVI. 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 all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within 7 Working Days of finalization of Basis of Allotment.

3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

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, 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 Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.

7. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVII. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form 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 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 super scribed '[●]' on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

   CAMEO CORPORATE SERVICES LIMITED

   Subramanium Building #1, Club House Road,
   Chennai – 600 002,
   Tamil Nadu, India
   Tel: +91 44 2846 0390 / +91 44 400 20700
   Fax: +91 44 2846 0129
   Email: priya@cameoindia.com
   Investor Grievance Email: investor@cameoindia.com
   Website: www.cameoindia.com / https://rights.cameoindia.com/rpp
   Contact Person: Ms. Sreepriya .K
   SEBI Registration No.: INR000003753

3. In accordance with the 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 (https://rights.cameoindia.com/rpp). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 73388 08559 or +91 93420 72988.

4. The Investors can visit following links for the below-mentioned purposes:

   i. Frequently asked questions and online / electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://rights.cameoindia.com/rpp.

ii. Updation of e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: https://rights.cameoindia.com/rpp.

iii. Updation of Indian address by Non-resident Eligible equity shareholders by way of email to priya@cameoindia.com

iv. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: https://rights.cameoindia.com/rpp.

v. Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: priya@cameoindia.com.

This Issue will remain open for a minimum 15 days. However, our Board 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).

XVIII. RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment **(FDI)** and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) **(DPIIT)**, Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 **(FDI Circular 2020)**, which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies **(OCBs)** have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer will be filed with the Stock Exchanges.

The Rights Entitlements and the Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of the Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or the Equity Shares shall do so in accordance with the restrictions set out below.

Cayman Islands

This Draft Letter of Offer does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Rights Entitlements and the Rights Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

European Economic Area (EEA) and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a **Relevant State**), no Rights Entitlement or Rights Equity Shares have been offered or will be offered pursuant to the _____ to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlement or Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlement or the Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017 / 1129 (and any amendment thereto) **(Prospectus Regulation)**:

a. to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;

b. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of our Company for any such offer; or

c. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Rights Entitlement or the Rights Equity Shares shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation. Each person who initially acquires any Rights Entitlement or the Rights Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Lead Manager and the Company that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

In case any of the Rights Entitlement or the Rights Equity Shares are being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Rights Equity Shares have not been subscribed for on a non-discretionary basis on behalf of, nor have they been subscribed for with a view to their offer or resale to persons in circumstances which may give rise to an offer of the Rights Equity Shares to the public other than their offer or resale in a Relevant State to the qualified investors (as so defined) or in circumstances in which the prior consent of our Company has been obtained to each such proposed offer or resale.

For the purposes of this section, the expression an ‘offer to the public’ in relation to any Rights Entitlement or rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Rights Entitlement or the Rights Equity Shares so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or the Rights Equity Shares. Our Company, the Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

United Kingdom

In the United Kingdom, this Draft Letter of Offer and any investment or investment activity to which this Draft Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of “investment professionals” contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (**Order**); (ii) fall within Article 49(2)(a) to (d) (*high net worth companies, unincorporated associations, etc*.) of the Order; or (iii) to whom it can otherwise lawfully be communicated (all such persons together be referred to as “**relevant persons**”). Persons who are not relevant persons should not take any action on the basis of this Draft Letter of Offer and should not act or rely on it or any of its contents.

Hong Kong

The Rights Entitlement or Rights Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (**CO**), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (**SFO**) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” within the meaning of the CO and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder.

This Draft Letter of Offer has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Draft Letter of Offer has not been, and will not be, registered as a "prospectus" in Hong Kong under the CO nor has it been authorised by the Securities and Futures Commission (**SFC**) in Hong Kong pursuant to the SFO. Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Draft Letter of Offer, they should obtain independent professional advice.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Entitlement or the Rights Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Rights Entitlement or the Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to the Professional Investors.

No person who has received a copy of this Draft Letter of Offer may issue, circulate or distribute this Draft Letter of Offer in Hong Kong or make or give a copy of this Draft Letter of Offer to any other person. No person allotted the Rights Equity Shares may sell, or offer to sell, such Rights Equity Shares to the public in Hong Kong within 6 months following the date of issue of such Rights Equity Shares.

Mauritius

Neither the Rights Entitlements nor the Rights Equity Shares may be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

Singapore

This Draft Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (**SFA**). The offer of the Rights Entitlements and the Rights Equity Shares pursuant to the Rights Entitlements to the Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

The Eligible Equity Shareholders in Singapore may apply for the additional Rights Equity Shares over and above their Rights Entitlements only: (i) if they are an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274 of the SFA; (ii) if they are a relevant person pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any additional Rights Equity Shares over and above their Rights Entitlements are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 of the SFA except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA or to any person arising from referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (b) where no consideration is or will be given for the transfer; (c) where the transfer is by operation of law; (d) as specified in Section 276(7) of the SFA; or (e) as specified in Regulation 37A of the

Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (**CMP Regulations 2018**), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged or transferred in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state of the United States. The Rights Entitlements and the Rights Equity Shares are being offered and sold only to persons outside the United States in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. T

For investors outside the United States

Each person accepting the Rights Entitlements and subscribing to the Rights Equity Shares outside the United States shall be deemed to have represented, warranted, agreed and acknowledged as follows:

a. It is entitled to accept the Rights Entitlements and subscribe to the Rights Equity Shares under the laws of all relevant jurisdictions that apply to it and that it has fully observed such laws and has complied with all necessary formalities to enable it to accept the Rights Entitlements and subscribe to the Rights Equity Shares;

b. It was outside the United States at the time the offer of the Rights Entitlements and the Rights Equity Shares was made to it and it was outside the United States when its buy order for the Rights Entitlements (if applicable) and the Rights Equity Shares was originated;

c. It did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S);

d. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to it is made in reliance on the Regulation S;

e. It will not offer, sell or otherwise transfer the Rights Entitlements except in India in a transaction complying with Rule 903 or Rule 904 of the Regulation S;

f. It subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, it shall only offer, sell, pledge or otherwise transfer such Equity Shares: (a) outside the United States in a transaction complying with Rule 903 or Rule 904 of the Regulation S and in accordance with all applicable laws of any other jurisdiction, including India; or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws;

g. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, it: (a) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (b) will have carefully read and reviewed a copy of this Draft Letter of Offer and its accompanying documents; (c) will have possessed and carefully read and reviewed all information relating to our Company and the Rights Entitlements and the Rights Equity Shares that it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (d) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, Lead Manager or its affiliates (including any research reports) (other than with respect to our Company and any information contained in this Draft Letter of Offer); and (e) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of the Rights Equity Shares being subscribed.

h. Without limiting the generality of the foregoing, it acknowledges that: (a) the Equity Shares are listed on BSE and NSE and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE and NSE (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports, which collectively constitutes Exchange Information), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (b) neither our Company nor the Lead Manager or any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

i. It acknowledges that: (a) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, Information), has been prepared solely by our Company; and (b) none of the Lead Manager or any of its affiliates has verified the Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Manager or its affiliates.

j. It will not hold our Company and the Lead Manager or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.

k. It understands and acknowledges that the Lead Manager is assisting our Company in respect of this Issue and that the Lead Manager is acting solely for our Company and no one else in connection with this Issue and, in particular, is not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue, the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.

l. It understands and acknowledges that the Lead Manager is not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements or the Rights Equity Shares.

m. If it acquired any of the Rights Entitlements or Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;

n. It shall indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights Entitlements and Rights Equity Shares; and

o. It acknowledges that our Company, the Lead Manager and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than 2 years before the date of this Draft Letter of Offer) which are or may be deemed material.

Copies of the documents for inspection referred to hereunder, may be inspected at RoC office between 10 a.m. and 4 p.m. on all working days from the date of this Draft Letter of Offer until the Issue Closing Date. Additionally, any person intending to inspect the below mentioned contracts and documents electronically, may do so, by writing an email to secretary@rppipl.com. The procedure for inspection of material documents electronically, as prescribed by SEBI *vide* circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 (**Circular**), will be updated in the Letter of Offer, depending on the applicability of the Circular and any further amendments or clarifications thereto.

A. Material Contracts

1. Issue Agreement dated August 13, 2021 entered between our Company and the Lead Manager.

2. Registrar Agreement dated June 22, 2021 entered between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated [●] entered amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

B. Material Documents in Relation to the Issue

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.

2. Resolution of our Board dated February 17, 2021 in relation to approval of the Issue and other related matters.

3. Resolution of the Board dated August 13, 2021, approving this Draft Letter of Offer.

4. Resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio.

5. Consents of our Directors, Company Secretary and Compliance Officer, the Lead Manager, the Statutory Auditor, the Banker to the Issue, the Legal Counsel to our Company, and the Registrar to the Issue for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.

6. Report titled '*Assessment of Construction Industry in India, June 2021*' issued by CRISIL and consent letter dated August 12, 2021 in respect of such report.

7. In principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively under Regulation 28(1) of the SEBI Listing Regulations.

8. Statement of special tax benefits dated August 13, 2021 from the Statutory Auditor.

9. Tripartite Agreement dated October 19, 2010 between our Company, the Registrar to the Issue and NSDL.

10. Tripartite Agreement dated July 20, 2010 between our Company, the Registrar to the Issue and CDSL.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, 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 Draft Letter of Offer are true and correct.

SIGNED BY THE WHOLE TIME DIRECTOR OF OUR COMPANY

A. Nithya

Date: August 13, 2021

Place: Erode

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, 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 Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P. Muralidasan

Date: August 13, 2021

Place: Erode

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, 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 Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

K. Rangasamy

Date: August 13, 2021

Place: Erode

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, 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 Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P. Arulsundaram

Date: August 13, 2021

Place: Erode

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, 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 Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

R. Kalaimony

Date: August 13, 2021

Place: Erode

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, 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 Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P. R. Sundararajan

Date: August 13, 2021

Place: Erode

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, 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 Draft Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

A. Nithya

Date: August 13, 2021

Place: Erode