

B D Bansal & Co

CHARTERED ACCOUNTANTS

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7 G.F., Sant Isher Singh Nagar, Pakhowal Road,
Ludhiana, Punjab-141002

Cert. No.: Ldh/CIL/2726

The Board of Directors

Ceigall India Limited

A - 898, Tagore Nagar,
Opp. KVM School,
Ludhiana - 141001
Punjab, India

ICICI Securities Limited

ICICI Venture House, Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400 025
Maharashtra, India

JM Financial Limited

7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400 025
Maharashtra, India

Maharashtra, India

IIFL Securities Limited

10th Floor, IIFL Centre,
Kamla City, Senapati Bapat Marg
Lower Parel (West)
Maharashtra, India

(ICICI Securities Limited, JM Financial Limited, IIFL Securities Limited and any other book running lead managers appointed by the Company are collectively referred to as the “Book Running Lead Managers” or the “BRLMs”)

Dear Sir/Ma’am,

Re: Proposed initial public offering of equity shares of face value of ₹ 5 each (the “Equity Shares”) of Ceigall India Limited (the “Company” and such initial public offering, the “Offer”)

Based on the restated consolidated financial information of the group as of and for the three months ended June 30, 2024 and for the year ended March 31, 2024, March 31, 2023, and March 31, 2022 prepared in accordance with the Companies Act, 2013, read with the rules made thereunder, each as amended (the “Companies Act”) and the applicable Indian accounting standards, and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company’s loan agreements and sanction letters approved by banks/financial institutions, confirmations on outstanding loan amount from lenders, bank statements and bank balance confirmations on outstanding loan amount and other relevant records, we report the following:

- 1) The summary of the borrowings sanctioned to the Company, its subsidiaries and its joint operations and outstanding, as of three months ended June 30, 2024 is stated in **Annexure A**.
- 2) The principal terms of the borrowings and assets charged as security by the Company, its subsidiaries and its joint operations are stated in **Annexure B**.
- 3) Except as stated in **Annexure C**, the Company has not provided any guarantees for the repayment of any loans availed by other entities.

- 4) Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we confirm that except as stated under **Annexure D**, neither the promoter or director or key managerial person or senior management of the Company or its Subsidiaries is interested in any loans or advances availed by the Company and its Subsidiaries.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we confirm that the information in this certificate is accurate and factually correct. We have conducted our examination in accordance with the applicable guidance note issued by the Institute of Chartered Accountants of India (the "ICAI") which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI and accordingly, we confirm that we have complied with such Code of Ethics issued by the ICAI.

Basis any information or communication received by us from the company in writing, we confirm that we will immediately inform any changes in writing to the above information to the Book Running Lead Managers until the date when the Equity Shares commence trading on the stock exchanges where the Equity Shares are proposed to be listed (the "**Stock Exchanges**"). In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the Stock Exchanges pursuant to the Offer.

This report is for information and for inclusion (in part or full) in the red herring prospectus and the prospectus to be filed in relation to the Offer or any other Offer related material, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisors to each of the Company and the Book Running Lead Managers. We hereby consent to the submission of this report as may be necessary to the Securities and Exchange Board of India, the Registrar of Companies, Punjab and Chandigarh, the Stock Exchanges and any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law.

Yours faithfully,

For BD Bansal & Co.
Chartered Accountants
Firm Regn. No. 000621N

(Anil Kumar Gupta)
Partner
M. No. 089988

Place: Ludhiana
Date: 26.07.2024

UDIN: 24089988BKELIO5440

Encl.: As above

CC:

Legal Counsel to the Company as to Indian Law

SHARDUL AMARCHAND MANGALDAS & CO
Amarchand Towers, 216
Okhla Industrial Estate Phase III,
New Delhi - 110020 India

Legal Counsel to the Book Running Lead Managers as to Indian Law

Trilegal
One World Centre, 10th Floor,
Tower 2A & 2B, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400013
Maharashtra, India

Annexure A

(in ₹ million)

Category of Borrowing	Sanctioned Amount (to the extent applicable)	Amount outstanding as on June 30, 2024
(a) Fund based facilities		
Term loans (including Machinery & Vehicle Loans)	33,756.59 *	10,411.61
Working capital facilities including Cash Credit**	2,472.10	1,542.27
(b) Non-fund based facilities		
Bank guarantee (interchangeable) Letter of Credit	11,151.45	6,879.70
Total borrowings	47,380.14	18,833.58

*Out of the total sanctioned amounts of ₹ 33,756.59 million, a sum amounting to ₹ 18,702.40 million that pertains to the Subsidiaries has been sanctioned but no disbursement has been made against the same. In relation to this, Ceigall Ludhiana Rupnagar Highways Private Limited has been sanctioned a sum amounting to ₹ 4,000 Million, Ceigall VRK – 11 Private Limited has been sanctioned a sum amounting to ₹ 8,389.50 Million, Ceigall VRK – 12 Private Limited has been sanctioned a sum amounting to ₹ 6,312.90 Million.

** The Outstanding amount of Cash Credit facility includes an Overdraft facility amount that is equal to Rs. 21.24 million

Annexure B

All indicative key terms of the borrowings are disclosed below:

- **Tenor and interest rate:** The tenor of the fund based and non-fund based facilities ranges from 7 days to 15 years. The interest rates for the facilities are typically linked to benchmark rates varying from 6.50 % p.a. to 10.45 % p.a., such as the repo rate prescribed by the RBI, treasury bill rate and marginal cost of funds-based lending rate (“MCLR”) of the specific lender plus a spread per annum is charged above these benchmark rates.
- **Security:** In terms of the borrowings, where security to be created, it is typically required to create security by way of charge on immovable assets (both present and future), current assets, receivables, all stock of raw materials (both present and future), work in progress, finished goods, and book debts, cash margin. Further, facilities availed by the company are secured by personal guarantees of Mr. Ramneek Sehgal. However, in case of Ludhiana Rupnagar HAM project personal guarantee of Mr. Mohinder Pal Singh Sehgal has also been provided along with Mr. Ramneek Sehgal and this project was cancelled vide Settlement Agreement dated 14.03.2024.
- **Repayment:** The facilities are typically repayable within 7 days to 15 Years or are repayable on demand.
- **Prepayment:** Certain loans availed by the Company have prepayment provisions which allows for prepayment of the outstanding loan amount and sometimes carry a pre-payment penalty on the pre-paid amount or on the outstanding amount subject to terms and conditions stipulated under the loan documents. Some of the loan agreements require to pay prepayment penalties.
- **Penal Interest:** The company is bound to pay additional interest to the lenders for defaults in the payment of interest or other monies due and payable. This additional interest is charged as per the terms of the loan agreements and is typically 2.00% - 4.00% over the applicable interest rate.
- **Restrictive Covenants:** As per the terms of the loan agreements, certain corporate actions for which the Company requires prior written consent of the lenders include:
 - a) Change in control/ownership/management/directorship/partnership including resignation of promoter directors (including key managerial personnel) of the Company;
 - b) Amending the constitutional documents of the Company;
 - c) Effecting any changes to the capital structure or shareholding pattern of the Company;
 - d) Dilution of Promoter’s shareholding below its current level or 51% of the controlling stake (whichever is lower);
 - e) Approaching capital market for mobilizing additional resources either in the form of debt or equity;
 - f) Enter into any scheme of merger, amalgamation, compromise or reconstruction or do a buyback; and
 - g) Undertaking any new business, operations or projects or substantial expansion of any current business, operations or projects.
- **Events of Default:** The borrowing arrangements prescribe the following events of default, including among others:
 - (a) Default in repayment of loan facility;
 - (b) If all or material part of business is suspended or ceases to exist;
 - (c) If the loan is used for any other purpose other than the purpose for which the loan is sanctioned;
 - (d) Bankruptcy, insolvency, dissolution;
 - (e) Breach in any other loan/ facility agreement;
 - (f) Jeopardise or likely to prejudice, impair, depreciate any security;

- (g) Asset is destroyed, or is stolen or untraceable for 30 days;
- (h) Asset is confiscated, attached, taken into custody by any authority or subject to any execution proceeding;
- (i) Failure to supply certified true copy of the registration;
- (j) Misleading information and representations;
- (k) Default under any other financing arrangements of the Company;
- (l) Asset is used or alleged to be used for any illegal purposes or activity;
- (m) If the Company is adjudicated insolvent or taking advantage of law for the relief of insolvent debtors;
- (n) Any of the cheques delivered or to be delivered by the Borrower to the Bank in terms and conditions hereof is not encashed for any reason whatsoever on presentations;
- (o) Any other occurrence or existence of one or more events, conditions or circumstances (including any change in law), which in opinion construes to default.

- ***Consequences of occurrence of events of default:*** The borrowing arrangements prescribe the following consequences of occurrence of events of default, including among others:

- a) Terminate the sanctioned facilities;
- b) Suspend access to facilities;
- c) Enforce security;
- d) Appoint trustees / observers; and
- e) Repossess the hypothecated asset

Annexure C

Particulars	30-Jun-24	31-Mar-24	31-Mar-23	31-Mar-22
Corporate Guarantees*	1,860.00	1,860.00	5,000.00	5,000.00

Corporate Guarantee given to SPV namely Ceigall Bathinda Dabwali Highways Private Limited amounting to ₹1,860.00 millions unconditional and irrevocable Corporate Guarantee by the Company as per bank sanction letter, shall be provided till receipt of first two full annuities.

Annexure D

NIL