DRAFT RED HERRING PROSPECTUS
Dated: October 24, 2023
100% Book Built Offer
Please read Section 26 and Section 32 of the Companies Act, 2013

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KAY CEE ENERGY & INFRA LIMITED

Corporate Identification Number: U74900RJ2015PLC046976

Our Company was originally incorporated as 'KAY CEE ENERGY & INFRA PRIVATE LIMITED' a private limited company under the Companies Act, 2013 with the Registrar of Companies ("ROC"), Jaipur pursuant to Certificate of Incorporation dated January 23, 2015. The name of the company was changed from 'KAY CEE ENERGY & INFRA PRIVATE LIMITED' to 'KAY CEE ENERGY & INFRA LIMITED', consequent to conversion of our company from private limited company to public limited company, pursuant to Special Resolution passed by the shareholders of our Company in the Extra-ordinary General Meeting held on September 13, 2023, and a fresh certificate of incorporation consequent to change of name was issued by ROC, Jaipur on October 12, 2023. The corporate identification number of our company is U74900RJ2015PLC046976. For further details please refer to the chapter titled "*History and Certain Corporate Matters*" beginning on Page No. 111 of this Draft Red Herring Prospectus.

Registered Office: 9 Krishna Vihar, Near Chungi Naka, Nanta Road, Kunhadi Kotal In Ladpura, Kota Rajasthan-324001 India;
Telephone: +91 80009 79358; **Email:** info@kayceeenergy.in ; **Website:** www.kayceeenergy.com;
Contact Person: Yogesh Soni, Company Secretary and Compliance Officer;
Corporate Identification Number: U74900RJ2015PLC046976

PROMOTERS OF OUR COMPANY: Mr. LOKENDRA JAIN AND MRS. SHALINI JAIN

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED October 24, 2023: NOTICE TO THE INVESTORS ("THE ADDENDUM")

INITIAL PUBLIC OFFER OF UPTO 29,50,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF KAY CEE ENERGY & INFRA LIMITED (THE "COMPANY" OR "KCEIL" OR "ISSUER") AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR CASH, AGGREGATING UP TO ₹ [●] LACS ("PUBLIC ISSUE") OUT OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LACS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [●] LACS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE [●]% AND [●]% RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.
THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND [●] EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE") FOR THE PURPOSES OF UPLOADING ON THEIR WEBSITE IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

Potential Bidders may note the following:

1. In the sections "*Risk Factors*", "*Capital Structure*", "*Objects of the Offer*" and "*Government and Other Approvals*", provided herein below as part of Addendum, modifications have been updated.

The above is to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus

On behalf of Kay Cee Energy & Infra Limited
Sd/-

Place: Kota
Mr. Yogesh Soni
Date: December 18, 2023
Company Secretary & Compliance Officer

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE OFFER
GYR CAPITAL ADVISORS PRIVATE LIMITED *(Formerly known as Alpha Numero Services Private Limited)* 428, Gala Empire, Near JB Tower, Drive in Road, Thaltej, Ahmedabad -380 054, Gujarat, India. **Telephone:** +91 87775 64648 **Fax:** N.A. **E-mail:** info@gyrcapitaladvisors.com **Website:** www.gyrcapitaladvisors.com **Investor grievance:** investors@gyrcapitaladvisors.com **Contact Person:** Mr.Mohit Baid **SEBI Registration Number:** INM000012810 CIN :- U67200GJ2017PTC096908	**BIGSHARE SERVICES PRIVATE LIMITED** Office No. 56-2, 6th Floor, Pinnacle Business Park, Next to Ahura Center, Mahakali Caves Road, Andheri East, Mumbai-400 093, Maharashtra, India. **Tel:** +91 22 6263 8200 **Fax:** +91 22 6263 8299 **Email:** ipo@bigshareonline.com **Website:** www.bigshareonline.com **Investor Grievance Email:** investor@bigshareonline.com **Contact Person:** Babu Rapheal C **SEBI Registration Number:** INR000001385; **CIN** :- U99999MH1994PTC076534

ISSUE PROGRAMME

ISSUE OPENS ON: [●]	BID/OFFER OPENS ON: [●]*	ISSUE CLOSES ON: [●]**

**The Company may, in consultation with the Book Running Lead Manager, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*
***Our Company may in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations*

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15.Our Company has experienced negative cash flow in the past 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, investing and financing activities in the past, the details of which are provided below:

(₹ in lakhs)

Particulars	For the quarter ended June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Net Cash Flow from/ (used in) Operating Activities	138.86	(1,370.23)	1,132.31	(1,294.06)
Net cash generated from/(used in) investing activities	(2.23)	1.91	(1,553.73)	5.55
Net Cash Flow from/ (used in) Financing Activities	23.53	1,347.90	322.82	(125.36)

We may incur negative cash flows in the future which may have a material adverse effect on our business, prospects, results of operations and financial condition.

20. Any non-compliance or delays in GST Return Filings may expose us to penalties from the regulators.

As a Company, we are required to file GST returns with the respective authorities. However, there are certain inadvertent delays in relation to filling of GST returns in the past for which the Company have paid the penalties amounting to Rs. 150, Rs. 3100, Rs. 1250 and Rs. 1850 for the FY 2022, 2020, 2019 and 2018 respectively and taken the steps to improve the internal system for payment of GST to mitigate the technical difficulties. However, we cannot assure that we will not be subject to any legal proceeding or regulatory actions, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in our GST filling in future, which may adversely affect our reputation and goodwill of the company.

21. Any non-compliance or delays in EPF Return Filings may expose us to penalties from the regulators.

As a Company, we are required to file EPF returns with the respective authorities. However, there are certain inadvertent delays in relation to filling of EPF returns in the past for which the Company have paid the penalties amounting to Rs. 10,938, Rs. 6761, Rs. 15,529, Rs. 1776 and Rs. 159 for the FY 2022, 2021, 2020, 2019 and 2018 respectively and taken the steps to improve the internal system for payment of EPF to mitigate the technical difficulties. However, we cannot assure that we will not be subject to any legal proceeding or regulatory actions, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in our EPF filling in future, which may adversely affect our reputation and goodwill of the company.

22. Our Company has in the past not complied with the certain provisions of the Companies Act, 2013.

There have been certain instances where our Company has failed to file special resolution passed by shareholders for the purpose of private placement of shares in the year 2016.

Further there have been instances of non-compliance with charge provisions which are mentioned below:

- From the audit report for the F.Y. 2015-16, our Company had availed the facility of Car Loan and facility from ICICI Bank. However, we have failed to register it's charge, however the aforementioned Car Loan was repaid on 03rd October, 2019 and facility of ICICI Bank was repaid on 30th January, 2018.
- Company had availed Car Loan from SBI on 12th April, 2016, however the same was not registered. And the aforementioned loan was repaid on 03rd December, 2018.
- Company had availed the Overdraft facility from India Bulls Limited vide Loan Agreement dated 13th January, 2017 however the same was not registered and the aforementioned facility was repaid and closed on 08th March, 2019.
- Company had availed the car loan facility from ICICI Bank for Rs. 10 Lakhs vide Agreement date March 2, 2020 however the same was not registered and the aforementioned facility is repaid and closed on 05th December, 2022.

Further there has been an instance of Non Filing of Charge Form (CHG-1), for creation of Charge on secured car loan facility availed from Tata Capital via Hypothecation in the year 2022, our company has filed the compounding of offence with the authority to rectify the non filing.

We cannot assure you that no regulatory action will be initiated against us in the future and that no penalties will be imposed on us on account of these lapses.

23. We have not disclosed the reason for not having spent the prescribed amount towards our corporate social responsibility requirements in the report issued by our Board for Fiscal 2021.

Companies meeting certain financial thresholds are required to ensure that at least 2% of the average net profits of the company (calculated in accordance with the Companies Act, 2013 and the relevant rules thereunder) made during the three immediately preceding financial years are required to be spent for corporate social responsibility activities. Company has crossed the threshold for applicability of CSR provisions as on March 31, 2020 and accordingly, we were required to spend approximately Rs.10.44 Lakhs towards CSR activities in FY 20-21 and we have spent Rs. 11.00 Lakhs towards CSR activities. However, pursuant to Rule 3 of The Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company had to comply with the provision for 3 consecutive years i.e. 2020-21, 2021-22 and 2022-23 as well. It is pertinent to note that the said Rule is omitted by Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 w.e.f. 20th September, 2022. In light of such omission, the spending requirement in consecutive years has also been omitted and hence, such requirement is not applicable in FY 2022-23. The company has not complied with CSR provisions for FY 2021-22. The company has as on the date of filing this RHP, complied with the CSR spending provisions as per section 135 of the Companies Act, 2013 by spending the applicable amount for FY 2021-2022. Further, the Company has filed the application for compounding of offence with the authority to rectify the non-compliance of Section 135(5) of the Companies Act, 2013. No show cause notice in respect to the above has been received by our Company till date and no penalty or fine has been imposed by any regulatory authority in respect to the same. It cannot be assured, that there will not be such instances in the future, or our Company will not commit any further delays or defaults in relation to its reporting requirements, or any penalty or fine will not be imposed by any regulatory authority in respect to the same.

31. The deployment of funds raised through this Offer shall not be subject to any Monitoring Agency and shall be purely dependent on the discretion of the management of our Company.

As the issue size shall be less than ₹10,000 lacs, under Regulation 262 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilization of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilization of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoters shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same. For further details, please refer to the chapter titled **—** "*Objects of the Issue*" on page 60 of this Draft Red Herring Prospectus.

35. We have issued Equity Shares during the last one year at a price that may be below the Issue Price.

During the last one year we have issued Equity Shares at a price that may be lower than the Issue Price. For further details, see "*Capital Structure*" on page 50. The prices at which Equity Shares have been issued by us in last one year should not be taken to be indicative of the Price Band, Issue Price and the trading price of our Equity Shares after listing.

CAPITAL STRUCTURE

8. Shareholding Pattern of our Company

The table below represents the shareholding pattern of our Company as on the date of this Red Herring Prospectus:

Category (I)	**Category of Shareholder (II)**	**No. of Shareholders (III)**	**No. of fully paid-up Equity Shares held (IV)**	**No. of Partly paid-up Equity Shares held (V)**	**No. of shares underlying depository receipts (VI)**	**Total No. of shares held (VII) = (IV)+(V)+ (++VI)**	**Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)**	**Number of Voting Rights held in each class of securities (IX)**			**No. of Shares underlying outstanding convertible securities (including warrants)**	**Shareholding as a % assuming full conversion of convertible securities No. (a)**	**No. of locked-in Equity Shares (XII)**		**Number of Equity Shares pledged or otherwise encumbered (XIII)**		**No. of Equity Shares held in dematerialized form (XIV)**
								Class (Equity)	**Total**	**Total as a % of (A+B+C)**			**No. (a)**	**As a % of total shares held (b)**	**No. (a)**	**As a % of total shares held (b)**	
(A)	Promoters and Promoter Group	5	77,00,100	-	-	77,00,100	96.13	77,00,100	77,00,100	96.13	-	96.13	-	-	-	-	77,00,100
(B)	Public	9	3,09,900	-	-	3,09,900	3.87	3,09,900	3,09,900	3.87	-	3.87	-	-	-	-	3,09,900
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		14	80,10,000	-	-	80,10,000	100	80,10,000	80,10,000	100	-	100	-	-	-	-	80,10,000

OBJECT OF THE OFFER

Key assumptions for working capital requirements:
Our Company's estimated working capital requirements on a standalone basis are based on the following key assumptions:

S. No.	Particulars	Details
Current assets		
1.	Trade receivables	Over the past three financial years and the current stub period, our trade receivables holding period has witnessed a significant reduction from 103 days to 50 days. This positive trend can be attributed to the favourable credit terms offered by our customers. Looking ahead, we anticipate a further 20-day decrease in the receivable holding period, driven by our projection of upcoming projects. Notably, our major contracts involve government entities, which have consistently shortened credit periods from 103 to 50 days over the years. The diminishing trade receivables holding period underscores a strategic evolution in our project management approach. Embracing projects with advantageous credit terms has enabled us to expedite cash flows, ensuring sustained liquidity and optimal working capital management. Aligning our operations with projects that extend favourable credit periods enhances cash inflows, fostering financial stability. This strategic shift not only positions us to take on additional projects but also supports profitable growth in the fiercely competitive power transmission and distribution sector. It serves as a testament to our adept credit management practices and robust client relationships
2.	Inventories	Upon completion of a project, inventories, along with associated risks and rewards, are delivered to the customer. Given the time required for projects to progress until commissioning, the company must retain and manage these inventories until that milestone is reached. Notably, the inventory holding period has increased over the last three years, rising from 16 days to 130 days. As of Q1 ending June 30, 2023, the holding period has reached 416 days due to the contractual duration of 18-24 months for the in-process inventory awaiting customer delivery. Anticipating a continued trend, the company foresees a rise in the inventory holding period to 164 days by the end of FY 2023-24. This projection aligns with historical year-on-year patterns. The intentional extension of our inventory holding period stems from strategic decisions aligned with our business growth and profitability objectives. As we take on more substantial and complex projects in the power transmission and distribution sector, elongating the inventory holding period becomes imperative to ensure a consistent supply of materials and components. This strategic approach enables us to effectively address the demands of longer-duration projects. Additionally, it positions us to capitalize on cost-saving opportunities through bulk procurement and favorable supplier agreements, contributing to profitability despite the extended inventory cycle. This deliberate shift in strategy secures our capacity to deliver high-quality services and maintain robust profits over the long term.
Current liabilities		
1.	Trade payables	The trade payables holding period has consistently decreased in tandem with the declining trend in the trade receivables holding period. Over the past three years, the holding period for trade payables has reduced from 326 days to 93 days, reflecting our commitment to timely payments, as we receive payments punctually from our clients. As of Q1 ending June 30, 2023, the trade payables holding period stands at 257 days, influenced by ongoing projects awaiting completion and delivery. Given that the inventory holding period for these projects is 416 days, the corresponding payables for such projects average around 257 days. Upon receipt of payments, the actual credit period will decrease, leading to an estimated credit period of 83 days. This decline in our trade payables holding period underscores our strategic focus on optimizing cash flow management. By participating in projects with favorable credit terms, we can effectively handle our payables, maintaining robust relationships with our suppliers and efficiently utilizing our working capital. Aligning our operations with projects offering favorable credit periods enhances our financial stability and adds flexibility to our procurement processes. This strategic approach supports our ability to execute projects efficiently in the

S. No.	Particulars	Details
		competitive power transmission and distribution sector, demonstrating our commitment to prudent financial management and strong partnerships with suppliers.

Justification for increase in working capital for the last three years, stub period and estimated period:

There are 3 main reasons for increase in working capital requirements of the company as follows:

a. *The turnover of the company has gradually increased from ₹ 3,477.33 Lakhs in FY 2020-21 to ₹ 4,959.36 Lakhs in FY 2021-22 and ₹ 6,109.18 Lakhs in FY 2022-23. Turnover for Q1 ended June 2023 is ₹ 955.18 Lakhs.*

b. *The closing inventory of the company has gradually increased from ₹ 135.37 Lakhs in FY 2020-21 to ₹ 898.09 Lakhs in FY 2021-22 and ₹ 2,081.39 Lakhs in FY 2022-23. Closing Inventory for Q1 ended June 2023 is ₹ 2,282.65 Lakhs and Estimated for FY 2023-24 is ₹ 2,289.53 Lakhs.*

c. *Other Current Assets has gradually increased from ₹ 751.64 Lakhs in FY 2020-21 to ₹ 1,930.35 Lakhs in FY 2021-22 and ₹ 2,846.95 Lakhs in FY 2022-23. Closing Other Current Assets for Q1 ended June 2023 is ₹ 2,848.08 Lakhs and Estimated for FY 2023-24 is ₹ 3,131.65 Lakhs. Other Current Assets of the company which mainly comprises of Earnest Money Deposits (EMDs) and Retention Money Deposits (RMDs) with customers for contracts being executed or under process.*

Since, it is clearly evident from above figures of turnover, inventory and other current assets that to run the business of the company, the company needs to have huge amount of working capital in the form of inventories, EMDs and RMDs for contracts to be executed or under process till the date of completion of projects. Once a project is completed, inventories will be delivered to the customer alongwith all risks and rewards related to such inventory. Since a project takes time to complete, the company has to keep and maintain such inventories till the date of commissioning. Also, EMDs and RMDs have to be kept with the customers till the date as mentioned in the contracts which is usually the completion of the projects and in some cases, till the date of end of the contract. Further, the company is always continuously using such EMDs and RMDs for the next projects to be taken as they have to provide EMDs for taking every single project and deduction of RMDs from amounts that will be received on milestone basis.

Rationale for significant increase in inventory holding days and trade payables holding days in June 2023:

Upon the completion of each project, we deliver inventories, along with associated risks and rewards, to our customers. The inherent nature of project timelines, extending from initiation to commissioning, necessitates the retention and management of these inventories until the commissioning milestone is achieved. Notably, the inventory holding period has witnessed a substantial increase over the past three years, escalating from 16 days to 130 days. As of Q1 ending June 30, 2023, this holding period has extended to 416 days, primarily attributable to the contractual duration of 18-24 months for in-process inventory awaiting delivery to the customer.

Looking ahead, we anticipate a continued upward trajectory, projecting an increase in the inventory holding period to 164 days by the end of FY 2023-24. This projection is consistent with historical year-on-year patterns, aligning with our strategic approach to project timelines.

In tandem with the expansion of the inventory holding period, the trade payables holding period has undergone a noteworthy transformation over the past three years. Experiencing a decrease from 326 days to 93 days, this decline reflects our steadfast commitment to making timely payments, facilitated by punctual receipts from our clients.

As of Q1 ending June 30, 2023, the trade payables holding period has extended to 257 days. This extension is influenced by ongoing projects that are in progress, awaiting completion, and delivery. Given the concurrent inventory holding period for these projects, which is 416 days, the corresponding payables for such projects average around 257 days. Upon the receipt of payments, the actual credit period is expected to decrease, leading to an estimated credit period of 83 days.

GOVERNMENT AND OTHER APPROVALS

A. Licenses and Approvals required to be obtained by our Company

I. General Approvals

g. Certificate dated November 20, 2023 bearing number SCA/2023/20/133293 issued by the Department of Labour, Government of Rajasthan under the Rajasthan Shops And Commercial Establishments Acts, 1958.