DRAFT RED HERRING PROSPECTUS
Dated June 8, 2018
Please read Section 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Offer

CRAFTSMAN AUTOMATION LIMITED

Our Company was incorporated as "Craftsman Automation Private Limited" on July 18, 1986, as a private limited company under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Chennai, Tamil Nadu. Pursuant to the conversion of our Company to a public limited company and as approved by the Shareholders pursuant to a resolution dated April 30, 2018, the name of our Company was changed to "Craftsman Automation Limited" and the Registrar of Companies, Coimbatore, Tamil Nadu ("**RoC**") issued a fresh certificate of incorporation dated May 4, 2018. For further information on changes in name and registered office of our Company, see "***History and Certain Corporate Matters***" on page 197.

Corporate Identity Number: U28991TZ1986PLC001816
Registered and Corporate Office: Senthel Towers, 4th Floor, 1078, Avanashi Road, Coimbatore 641 018, Tamil Nadu, India
Tel: (91 422) 302 1000; **Facsimile**: (91 422) 302 1056
Contact Person: Shainshad Aduvanni, Company Secretary and Compliance Officer; **Tel**: (91 422) 302 1000; **Facsimile**: (91 422) 302 1056
E-mail: investor@craftsmanautomation.com; **Website**: www.craftsmanautomation.com

OUR PROMOTER: SRINIVASAN RAVI

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH (THE "EQUITY SHARES") OF CRAFTSMAN AUTOMATION LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 4,000.00 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 4,383,320 EQUITY SHARES COMPRISING UP TO 210,000 EQUITY SHARES BY SRINIVASAN RAVI (THE "PROMOTER SELLING SHAREHOLDER"), UP TO 1,559,260 EQUITY SHARES BY MARINA III (SINGAPORE) PTE LIMITED ("MARINA") AND UP TO 1,414,060 EQUITY SHARES BY INTERNATIONAL FINANCE CORPORATION ("IFC") (MARINA, TOGETHER WITH IFC, THE "INVESTOR SELLING SHAREHOLDERS"), AND UP TO 1,200,000 EQUITY SHARES BY K. GOMATHESWARAN (THE "INDIVIDUAL SELLING SHAREHOLDER") (THE PROMOTER SELLING SHAREHOLDER, THE INVESTOR SELLING SHAREHOLDERS AND THE INDIVIDUAL SELLING SHAREHOLDER, TOGETHER THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER FOR SALE").

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 50.00 MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES NOT EXCEEDING 5% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITALOF OUR COMPANY (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE NET OFFER. THE OFFER AND THE NET OFFER WILL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), [●] EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED TAMIL NEWSPAPER, TAMIL BEING THE REGIONAL LANGUAGE IN COIMBATORE WHERE OUR REGISTERED OFFICE IS SITUATED), AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (THE "NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSES OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS").

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 5 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES

In case of a revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Bid/Offer Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs, and at the terminals of the members of the Syndicate.

In terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**") read with Regulation 41 of the SEBI ICDR Regulations, the Equity Shares issued in this Offer shall aggregate to at least such percentage of the post-Offer Equity Share capital of our Company (calculated at Offer Price) that will be at least ₹ 4,000.00 million. The Offer is being made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be allotted on a proportionate basis to Qualified Institutional Buyers (the "**QIBs**") (the "**QIB Category**"), provided that our Company and the Investor Selling Shareholders in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the "**Anchor Investor Portion**"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors (the "**Anchor Investor Allocation Price**"). In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category. Post allocation to the Anchor Investors, the QIB Category will be reduced by such number of Equity Shares. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Category (excluding the Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Category (excluding the Anchor Investor Portion) for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, up to [●] Equity Shares aggregating up to ₹ 50.00 million will be available for allocation on a proportionate basis to Eligible Employees not exceeding 5% of the post-Offer paid-up Equity Share capital of our Company, subject to valid Bids being received at or above the Offer Price. All Bidders, other than the Anchor Investors, are mandatorily required to participate in this Offer only through an Application Supported by Blocked Amount ("**ASBA**") process, providing details of their respective bank accounts in which the Bid amount will be blocked by the Self Certified Syndicate Banks (the "**SCSBs**"). The Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For further information, see "***Offer Procedure***" on page 490.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of our Equity Shares is ₹ 5 each and the Floor Price and Cap Price are [●] times and [●] times of the face value of the Equity Shares, respectively. The Offer Price (as determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, and as stated in "***Basis for Offer Price***" on page 105) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India (the "**SEBI**"), nor does the SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 17.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

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

Further, each Selling Shareholder severally and not jointly accepts responsibility for and confirms only the information given expressly by such Selling Shareholder relating to itself and its respective portion of Offered Shares contained in this Draft Red Herring Prospectus as true and correct in all material aspects and not misleading in any material respect. Each Selling Shareholder, severally and not jointly, does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to our Company or the other Selling Shareholders in this Draft Red Herring Prospectus.

LISTING

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of this Offer, [●] is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act 2013. For further information on the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date. For further information, see "***Material Contracts and Documents for Inspection***" on page 607.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra, India **Telephone:** (91 22) 2288 2460 **Facsimile**: (91 22) 2282 6580 **E-mail:** craftsman.ipo@icicisecurities.com **Investor grievance E-mail**:customercare@icicisecurities.com **Website:** www.icicisecurities.com **Contact Person**: Shekher Asnani **SEBI Registration No:** INM000011179	**IIFL Holdings Limited** 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Maharashtra, India **Telephone**: (91 22) 4646 4600 **Facsimile**: (91 22) 2493 1073 **E-mail**: craftsman.ipo@iiflcap.com **Investor Grievance E-mail**: ig.ib @iiflcap.com **Website**: www.iiflcap.com **Contact Person**: Sachin Kapoor/Aditya Agarwal **SEBI Registration No.**: INM000010940	**SBI Capital Markets Limited** 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Maharashtra, India **Telephone**: (91 22) 2217 8300 **Facsimile**: (91 22) 2218 8332 **E-mail**: craftsman.ipo@sbicaps.com **Investor Grievance E-mail**: investor.relations@sbicaps.com **Website**: www.sbicaps.com **Contact Person**: Janardhan Wagle **SEBI Registration No.**: INM000003531	**Link Intime India Private Limited** C-101, 1st floor, 247 Park L. B. S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India **Tel:** (91 22) 4918 6200 **Facsimile:** (91 22) 4918 6195 **E-mail:** craftsman.ipo@linkintime.co.in **Investor grievance E-mail**: craftsman.ipo@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration No:** INR000004058

BID/OFFER PERIOD(1)	
BID/OFFER OPENS ON[●] (1)	BID/OFFER CLOSES ON [●](2)

(1) *Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*
(2) *Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may decide to close 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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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Draft Red Herring Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time.

*Notwithstanding the foregoing, terms in the chapters/sections "**Statement of Tax Benefits**", "**Summary of Industry**", "**Industry Overview**", "**Key Regulations and Policies in India**", "**Financial Information**", "**Outstanding Litigation and Other Material Developments**", "**Part B**" of "**Offer Procedure**" and "**Main Provisions of Articles of Association**" will have the meaning ascribed to such terms in these respective chapters/sections.*

In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

The words and expressions used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act 2013, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder.

General Terms

Term	Description
"the Company"/"our Company"/"the Issuer"	Craftsman Automation Limited, a company incorporated in India under the Companies Act 1956 with its registered and corporate office at Senthel Towers, 4th Floor, 1078, Avanashi Road, Coimbatore 641 018, Tamil Nadu, India
"we"/"us"/"our"	Unless the context otherwise requires, our Company together with our Subsidiaries and Joint Venture
Joint Venture	The joint venture entered into by our Company, namely, Carl Stahl Craftsman Enterprises Private Limited as disclosed " ***History and Certain Corporate Matters – Joint Venture***" on page 203
Subsidiaries	The subsidiaries of our Company as disclosed in "***History and Certain Corporate Matters - Subsidiaries of our Company***" on page 203

Company Related Terms

Term	Description
AoA/Articles of Association/Articles	The articles of association of our Company, as amended
Audit Committee	The audit committee of our Board
Auditors/Statutory Auditors	The auditors of our Company, being PKF Sridhar & Santhanam LLP, Chartered Accountants
Board/Board of Directors	The board of directors of our Company, or a duly constituted committee thereof
Chief Financial Officer/CFO	The chief financial officer of our Company
Chief Operating Officer - Automotive/COO - Automotive	The chief operating officer – automotive, of our Company
Compliance Officer	The company secretary and compliance officer of our Company
CSR Committee	The corporate social responsibility committee of our Board
Director(s)	The director(s) on our Board
Equity Shares	The equity shares of our Company of face value of ₹ 5 each
Group Company	The group company which is covered under the applicable accounting standards and such other companies as considered material by our Board, as identified in "***Promoter, Promoter Group and Group Company***" on page 222
IFC	International Finance Corporation
Independent Director	An independent Director as per the Companies Act 2013 and the SEBI Listing Regulations
Individual Selling Shareholder	K. Gomatheswaran
Investor Selling Shareholders	IFC and Marina
IPO Committee	The IPO committee of our Board

Term	Description
KMP/Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act 2013 and as described in "***Management - Key Managerial Personnel***" on page 219
Marina	Marina III (Singapore) Pte Limited
Materiality Policy	The policy adopted by our Board in its meeting dated April 30, 2018 for determining (i) Group Companies; (ii) outstanding material litigation involving our Company, Subsidiaries, Joint Venture, Directors, Promoter and Group Company; and (iii) outstanding dues to creditors in respect of our Company, in terms of the SEBI ICDR Regulations for the purposes of disclosure in the offer documents. For further information, see "***Promoter, Promoter Group and Group Company***" and "***Outstanding Litigation and Other Material Developments***" on pages 222 and 457, respectively
MoA/Memorandum of Association	The memorandum of association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board
Nominee Director	Udai Dhawan
Promoter	The promoter of our Company, namely Srinivasan Ravi. For further information, see "***Promoter, Promoter Group and Group Company***" on page 222
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations. For further information, see "***Promoter, Promoter Group and Group Company***" on page 222
Promoter Selling Shareholder	Srinivasan Ravi
Registered and Corporate Office	The corporate office of our Company located at the same address as our Registered Office
Registered Office	The registered office of our Company located at Senthel Towers, 4th Floor, 1078, Avanashi Road, Coimbatore 641 018, Tamil Nadu, India
Registrar of Companies/RoC	Registrar of Companies, Coimbatore, Tamil Nadu. For further information, see "***General Information***" on page 76
Restated Consolidated Financial Information	The restated consolidated financial information of our Company, our Subsidiaries and Joint Venture, which comprise the restated consolidated summary statement of assets and liabilities as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the restated consolidated summary statement of profit and loss (including other comprehensive income), the restated consolidated summary statement of changes in equity and the restated consolidated summary statement of cash flows for nine months ended December 31, 2017 and for the years ended March 31, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the summary of significant accounting policies, read together with the annexures and notes thereto, which have been prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations
Restated Financial Information	Restated Consolidated Financial Information and Restated Standalone Financial Information, collectively
Restated Standalone Financial Information	The restated standalone financial information of our Company which comprise the restated standalone summary statement of assets and liabilities as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the restated standalone summary statement of profit and loss (including other comprehensive Income), the restated standalone summary statement of changes in equity and the restated standalone summary statement of cash flows for nine months ended December 31, 2017 and for the years ended March 31, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the summary of significant accounting policies, read together with the annexures and notes thereto, which have been prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations
Selling Shareholders	The Investor Selling Shareholders, the Promoter Selling Shareholder and the Individual Selling Shareholder
Shareholders	The holders of the Equity Shares of our Company from time to time
Stakeholders Relationship Committee	The stakeholders relationship committee of our Board
Whole-time Directors	The whole-time directors of our Company
Wilful Defaulter(s)	Wilful defaulter(s) as defined under Regulation 2(zn) of the SEBI ICDR Regulations

Offer Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form

Term	Description
Allotment Advice	The note or advice or intimation of Allotment, sent to each Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotted/Allotment/Allot	The issue, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Escrow Accounts	Accounts opened with Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS in respect of the Bid Amount when submitting a Bid
Anchor Investor	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations
Anchor Investor Allocation Price	The price at which allocation is done to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus. The Anchor Investor Allocation Price shall be determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Category, which may be allocated by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, to Anchor Investors, on a discretionary basis, in accordance with SEBI ICDR Regulations. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category
Application Supported by Blocked Amount/ASBA	The application (whether physical or electronic) by a Bidder (other than Anchor Investors) to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	A bank account maintained with an SCSB and specified in the Bid cum Application Form which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by a Bidder (other than a Bid by an Anchor Investor)
ASBA Form	An application form, whether physical or electronic, used by Bidders bidding through the ASBA process, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Offer/Escrow Collection Bank(s)	The bank(s) which is/are clearing members and are registered with the SEBI as an escrow bank, with whom the Anchor Escrow Accounts in relation to the Offer for Bids by Anchor Investors will be opened, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in "***Offer Procedure***" on page 490
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder (other than an Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid, including ASBA Form, and which shall be considered as the application for the Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bid Lot	[●] Equity Shares
Bid/Offer Closing Date	Except in relation to Anchor Investors, the date after which the Designated Intermediaries shall not accept any Bids for the Offer, which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper**)** and [●] editions of [●] (a widely circulated Tamil regional daily newspaper, Tamil being the regional language in Coimbatore where our Registered Office is located**)** and in case of any revisions, the extended Bid/Offer Closing Date shall also be notified on the websites and terminals of the Syndicate Members, as required under the SEBI ICDR Regulations. Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, subject to the SEBI ICDR Regulations

Term	Description
Bid/Offer Opening Date	Except in relation to Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Tamil regional daily newspaper, Tamil being the regional language in Coimbatore where our Registered Office is located**)** and in case of any revisions, the extended Bid/Offer Closing Date shall also be notified on the websites and terminals of the Syndicate Members, as required under the SEBI ICDR Regulations
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated SCSB Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/BRLMs	ICICI Securities Limited, IIFL Holdings Limited and SBI Capital Markets Limited
Broker Centres	Broker centres of the Registered Brokers, where Bidders (other than Anchor Investors) can submit the Bid cum Application Forms. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Cash Escrow Agreement	The agreement dated [●], entered amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, Escrow Collection Bank(s), Public Offer Account Bank(s) and Refund Bank for collection of the Bid Amounts from Anchor Investors and transfer of funds from the Public Offer Account and where applicable remitting refunds, if any, to the Anchor Investors, on the terms and conditions thereof
Client ID	Client identification number of the Bidder's beneficiary account
Collecting Depository Participants/CDPs	The depository participants, as defined under the Depositories Act, 1996 and registered under Section 12 (1A) of the SEBI Act and who are eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	The Offer Price, finalised by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, names of the Bidders' father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Form used by Bidders (other than Anchor Investors), a list of which is available at the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time
Designated CDP Locations	Such centres of the Collecting Depository Participants where Bidders (other than Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges and updated from time to time
Designated Date	The date on which the funds from the Anchor Escrow Accounts are transferred to the Public Offer Account or the Refund Account(s), as appropriate, and the relevant amounts blocked by the SCSBs are transferred from the ASBA Accounts, to the Public Offer Account and/or are unblocked, as applicable, in terms of the Red Herring Prospectus, after the Prospectus is filed with the RoC and finalisation of basis of allotment with the Designated Stock Exchange
Designated Intermediaries	Collectively, the members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders (other than Anchor Investors), in relation to the Offer
Designated RTA Locations	Such centres of the RTAs where Bidders (other than Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and

Term	Description
	contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated Stock Exchange	[●]
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated June 8, 2018, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Eligible Employee	A permanent and full-time employee of our Company (excluding such employee not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines), as on the date of registration of the Red Herring Prospectus with the RoC and who continues to be an employee of our Company and continued to be on the rolls of our Company as on the date of submission of their ASBA Form and a director of our Company and our Subsidiaries, whether a whole time director, part time director or otherwise, (excluding such directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing the Red Herring Prospectus with the RoC and who continues to be a director of our Company and our Subsidiaries, as applicable until the submission of the Bid cum Application Form and is based and present in India as on the date of submission of the Bid cum Application Form. An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the ASBA Form will also be deemed a "permanent and full-time employee" of our Company
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Employee Reservation Portion	The portion of the Offer, being up to [●] Equity Shares, aggregating up to ₹ 50.00 million, available for allocation to Eligible Employees not exceeding 5% of the post-Offer paid-up Equity Share capital of our Company, on a proportionate basis. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer to the public
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bidders, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, and any revisions thereof, at or above which the Offer Price and the Anchor Investor Offer Price will be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 4,000.00 million by our Company as part of the Offer, in terms of the Red Herring Prospectus and Prospectus
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by SEBI and included in "***Offer Procedure***" from page 490 to 536
IPO	Initial public offering
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Minimum Promoter's Contribution	Aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoter which shall be provided towards minimum promoter's contribution and locked-in for a period of three years from the date of Allotment
Monitoring Agency	[●]
Monitoring Agency Agreement	The agreement dated [●] entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the QIB Category (other than the Anchor Investor Portion) or [●] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Net Proceeds	Proceeds of the Offer that will be available to our Company, i.e. gross proceeds of the Fresh Issue, less Offer Expenses to the extent applicable to the Fresh Issue
Non-Institutional Category	The portion of the Net Offer, being not less than 15% of the Offer or [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price

Term	Description
Non-Institutional Investors/NIIs	All Bidders, including Category III FPIs that are not QIBs (including Anchor Investors) and Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Offer	Public issue of up to [●] Equity Shares of face value ₹ 5 each for cash at a price of ₹ [●] including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] million comprising Fresh Issue and Offer for Sale
Offer Agreement	The agreement dated June 8, 2018, entered into amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	Offer of up to 4,383,320 Equity Shares to be offered for sale/transfer by the Selling Shareholders pursuant to the Offer in terms of the Red Herring Prospectus and the Prospectus. For further information, see "***The Offer***" on page 74
Offer Price	The final price at which Equity Shares will be Allotted to the successful Bidders (other than Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs in terms of the Red Herring Prospectus on the Pricing Date Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus
Offered Shares	Up to 4,383,320 Equity Shares comprising up to 210,000 Equity Shares by Srinivasan Ravi, up to 1,559,260 Equity Shares by Marina, up to 1,414,060 Equity Shares by IFC and up to 1,200,000 Equity Shares by K. Gomatheswaran
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, and advertised in [●] editions of [●], a widely circulated English national daily newspaper, [●] editions of [●] (a widely circulated Hindi national daily newspaper**)** and [●] editions of [●] (a widely circulated Tamil regional daily newspaper, Tamil being the regional language in Coimbatore where our Registered Office is located**)** at least five Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their websites
Pricing Date	The date on which our Company and the Investor Selling Shareholders, in consultation with the BRLMs, shall finalize the Offer Price
Prospectus	The prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act 2013 and the SEBI ICDR Regulations, containing the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account Bank(s)	Bank(s) with which the Public Offer Account(s) shall be maintained, in this case being [●]
Public Offer Account(s)	The account(s) to be opened with the Public Offer Account Banks(s) under Section 40(3) of the Companies Act 2013 to receive monies from the Anchor Escrow Accounts and the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer, being not more than 50% of the Net Offer or [●] Equity Shares to be Allotted to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, subject to valid Bids being received at or above the Offer Price)
Qualified Institutional Buyers/QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus/RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account(s)	Account(s) opened with the Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Refund Bank(s)	The Escrow Collection Bank with whom the Refund Account(s) will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 14, 2012, issued by SEBI
Registrar Agreement	The agreement dated June 8, 2018, entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer

Term	Description
Registrar and Share Transfer Agents/RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar to the Offer	Link Intime India Private Limited
Retail Category	The portion of the Offer, being not less than 35% of the Net Offer or [●] Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot, subject to availability in the Retail Category
Retail Individual Investors/RIIs	Bidders (including HUFs and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB Category and Non-Institutional Investors bidding in the Non-Institutional Category are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
Self-Certified Syndicate Banks/SCSBs	The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Share Escrow Agreement	The agreement dated [●] entered into amongst the Selling Shareholders, our Company and a share escrow agent in connection with the transfer of the respective portion of Offered Shares and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	Collectively, BSE Limited and National Stock Exchange of India Limited
Syndicate Agreement	The agreement dated [●] entered into amongst the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bid cum Application Forms by the Syndicate (other than Bids directly submitted to the SCSBs under the ASBA process and Bids submitted to the Registered Brokers at the Broker Centres)
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being [●]
Syndicate/members of the Syndicate	Collectively, the BRLMs and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The agreement dated [●] entered into amongst our Company, the Selling Shareholders and the Underwriters, to be entered into on or after the Pricing Date
Working Day(s)	Any day, other than the second and fourth Saturdays of each calendar month, Sundays and public holidays, on which commercial banks in Mumbai, India are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean any day, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Conventional and General Terms and Abbreviations

Term	Description
AIF(s)	Alternative Investment Fund(s)
Air Act	Air (Prevention and Control of Pollution) Act, 1981
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis & Research Limited
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act 1956 and the Companies Act 2013, read with the rules, regulations, clarifications and modifications thereunder

Term	Description
Companies Act 1956	Companies Act, 1956 read with the rules, regulations, clarifications and modifications thereunder
Companies Act 2013	Companies Act, 2013 read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The consolidated FDI Policy, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CRISIL	CRISIL Limited
CSR	Corporate social responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP ID	Depository Participant's identity number
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBITDA Margin	EBITDA divided by Revenue from Operations
EGM	Extraordinary general meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
Factories Act	Factories Act, 1948
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FII(s)	Foreign Institutional Investors as defined under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2000, registered with the SEBI under applicable laws in India and deemed as FPIs under the SEBI FPI Regulations
Financial Year/Fiscal/Fiscal Year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAAR	General Anti-Avoidance Rules
GDP	Gross Domestic Product
GoI or Central Government	Government of India
GST	Goods and services tax
HUF(s)	Hindu Undivided Family(ies)
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015
ICAI	Institute of Chartered Accountants of India
IDC(s)	Industrial Development Corporation(s)
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
INR/Indian Rupee/₹/Rs.	Indian Rupee, the official currency of the Republic of India
IT	Information Technology
MCA	Ministry of Corporate Affairs, GoI
Mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NR/Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number

Term	Description
PAT	Profit after tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
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, 2009
SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
SGD	Singapore dollar, the official currency of the country of Singapore
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Act	Trademarks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United State of America
U.S. Securities Act	United States Securities Act of 1933
US$/USD/US Dollar	United States Dollar, the official currency of the United States of America
USA/U.S./US	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
Water Act	Water (Prevention and Control of Pollution) Act, 1974

Industry Related Terms/Abbreviations

Term	Description
AIS	Air Insulated Switchgears
ASRS	Automated Storage and Retrieval System
BG	Broad Gauge
BS VI	Bharat Stage emission norms VI
CAFE	Corporate Average Fuel Economy
CAGR	Compound Annual Growth Rate
CNC	Computer Numerical Control
COINDIA	Coimbatore Industrial Infrastructure Association
DFC	Dedicated Freight Corridor
DLW	Diesel Locomotive Works
EBIT	Earnings before Interest and Taxes
ECGC	Export Credit Guarantee Corporation of India
EDM	Electrical Discharge Machine
EMD	Electro Motive Diesel Company
EPCG	Export Promotion Capital Goods
ERP	Enterprise Resource Planning
GIS	Gas Insulated Switchgears
HCVs	Heavy Commercial Vehicles
HPDC	High Pressure Die Casting
ISO	International Organization for Standardisation
LCVs	Light Commercial Vehicles
LIBOR	London Interbank Offered Rate
LPDC	Low Pressure Die Casting
LPG	Liquefied Petroleum Gas
LTMLR	Long Term Minimum Lending Rate
MCLR	Marginal Cost of funds based Lending Rate
MCVs	Medium Commercial Vehicles

Term	Description
MEI Scheme	Merchandise Exports from India Scheme
MoHUA	Ministry of Housing and Urban Affairs, Government of India
OEM	Original Equipment Manufacturer
SPM	Special Purpose Machine
UPS	Uninterruptable Power Supply

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India, together with its territories and possessions. All references to the "U.S.", the "USA" or the "United States" are to the United States of America, together with its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless indicated otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Information, and the respective notes, schedules and annexures thereto, prepared in accordance with the Companies Act, Ind AS, as applicable, and restated in accordance with the SEBI ICDR Regulations. For further information, see "***Summary Financial Information***" and "***Financial Statements***" on pages 61 and 229, respectively.

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, so all references to a particular financial year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Our Restated Financial Information have been prepared in accordance with Ind AS. There are significant differences between Indian GAAP, International Financial Reporting Standards ("**IFRS**") and Generally Accepted Accounting Principles in the United States of America ("**U.S. GAAP**"). Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial information included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial information to those under U.S. GAAP or IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial information. For details in connection with risks involving differences between Ind AS, US GAAP and IFRS see "***Risk Factors – Our Company has prepared financial statements under Ind AS. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP.***" on page 42.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded off to such number of decimal points as provided in their respective sources.

Unless the context otherwise indicates, any percentage or amounts, as set forth in "***Risk Factors***", "***Business***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 17, 173, and 422, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Consolidated Financial Information of our Company.

Industry and Market Data

We have commissioned a report titled "*Studying the Automotive and Industrial Engineering Business in India*" dated May, 2018, prepared by CRISIL Research, for the purpose of confirming our understanding of the industry in connection with the Offer. Further, in this regard, CRISIL Research has issued the following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Craftsman Automation Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions 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."

Industry publications generally state that the information contained in such publications has been obtained from sources generally believed to be reliable, but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholders, the BRLMs, or any of our or their respective affiliates or advisors, and none of these parties makes any representation as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon 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 we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors - This Draft Red Herring Prospectus contains information from industry sources including the industry report commissioned from CRISIL Research. Prospective investors are advised not to place undue reliance on such information.***" on page 40.

Currency and Units of Presentation

All references to "**Indian Rupees**" or "**₹**" or "**Rs.**" 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.

In this Draft Red Herring Prospectus, our Company has presented certain numerical information. All figures have been expressed in millions. One million represents "10 lakhs" or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversions of U.S. Dollars and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

The exchange rates of certain currencies used in this Draft Red Herring Prospectus into Indian Rupees are provided below.

(in ₹)

Currency	Exchange rate as on December 29, 2017*	Exchange rate as on March 31, 2017	Exchange rate as on March 31, 2016	Exchange rate as on March 31, 2015	Exchange rate as on March 28, 2014**	Exchange rate as on March 28, 2013***
1 USD	63.93	64.84	66.33	62.59	60.09	54.39

Currency	Exchange rate as on December 29, 2017*	Exchange rate as on March 31, 2017	Exchange rate as on March 31, 2016	Exchange rate as on March 31, 2015	Exchange rate as on March 28, 2014**	Exchange rate as on March 28, 2013***
1 Euro	76.39	69.25	75.10	67.51	82.58	69.82
1 SGD	47.77	46.43	49.15	45.43	47.51	43.77
1 JPY	0.57	0.58	0.59	0.52	0.59	0.58

Source: USD, Euro and JPY = RBI Reference Rate
SGD = www.xe.com

** Exchange rate as of December 29, 2017, as RBI reference rate is not available for December 31, 2017, a Sunday.*

*** Exchange rate as of March 28, 2014, as RBI Reference Rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014, being a public holiday, a Sunday and a Saturday, respectively.*

**** Exchange rate as of March 28, 2013, as RBI Reference Rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013, being a Sunday, Saturday and a public holiday, respectively.*

Note: Exchange rate is rounded off to two decimal places.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements include statements which can generally be identified by words or phrases such as "***aim***", "***anticipate***", "***believe***", "***expect***", "***estimate***", "***intend***", "***likely to***", "***objective***", "***plan***", "***propose***", "***will continue***", "***seek to***", "***will pursue***" or other words or phrases of similar import. Statements that describe our strategies are also forward-looking statements.

All forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such 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. This may be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses 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 our 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, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Important factors that would cause actual results to differ materially include, but not limited to:

- We operate in a competitive business environment. If we cannot respond adequately to the increased competition and consequent pricing pressures that we expect to face from existing players and new entrants, we will lose market share and our profits will decline, which will adversely affect our business, results of operations and financial condition.

- We depend on a limited number of customers for a significant portion of our revenues. The loss of any of our key customers or significant reduction in production and sales of, or demand for our production from our significant customers may adversely affect our business, results of operations and financial condition.

- If we are unable to accurately forecast demand for our products and plan production schedules in advance, our business, cash flows, financial condition, results of operations, and prospects may be adversely affected.

- Failure to have long term contracts or exclusive arrangements with any of our suppliers, and any major disruption to the timely and adequate supplies of our raw materials for any of our segments could adversely affect our business, results of operations and financial condition.

- Any shortfall in the supply of our raw materials or an increase in our raw material costs, or other input costs for any of our segments, may adversely affect the pricing and supply of our products and have an adverse effect on our business, results of operations and financial condition.

- Our operational flexibility may be limited in certain respects on account of our obligations under some of our major long-term customer agreements.

- We extend significant credit terms to our customers and are subject to counterparty credit risk. Any deterioration in such customers' financial position and their ability to pay or our inability to extend credit in line with market practice may adversely impact our profitability.

- We have undertaken joint ventures and strategic investments in the past and may continue to undertake joint ventures, strategic investments, alliances as well as inorganic growth through strategic acquisitions, in the future, which may be difficult to integrate and manage. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations.

- Our joint venture partner may not perform its obligations satisfactorily and its interests may differ from ours, which could have an adverse effect on our business and results of operations.

- The discontinuation of, the loss of business with respect to, or a lack of commercial success of, a particular vehicle model for which we are a significant supplier could affect our business and results of operations.

For a further discussion of factors that could cause our actual results to differ, see "***Risk Factors***", "***Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 17, 173 and 422, 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 future gains or losses could be materially different from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statement based on them could prove to be inaccurate.

Neither our Company, nor the Directors, nor the Selling Shareholders nor the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer.

In accordance with SEBI ICDR Regulations, the Selling Shareholders severally and not jointly will ensure that Bidders in India are informed of material developments in relation to statements and undertakings specifically made by the respective Selling Shareholders in relation to themselves and their respective portion of the Offered Shares in the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. Only statements and undertakings which are specifically "confirmed" or "undertaken" by the Selling Shareholders, as the case may be, in this Draft Red Herring Prospectus shall, severally and not jointly, deemed to be statements and undertakings made by such Selling Shareholders.

Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to undertake an annual updation of the disclosures made in the Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. If one, or a combination of any of the following risks occurs, our business, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all, or part of your investment. In addition, the risks set out in this section are not exhaustive, and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future.

Unless specified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in, and purchaser of the Equity Shares should pay attention to the fact that we are governed in India, by a legal and regulatory environment which may be different from that which prevails in other countries in material respects.

Unless otherwise stated, the financial information in this section is derived from our Restated Consolidated Financial Information.

*In making an investment decision, prospective investors must rely on their own examination of us on a consolidated and standalone basis and the terms of the Offer including the merits and the risks involved. To obtain a complete understanding of our business, see "**Business**", "**Financial Statements**" and "**Management's Discussion and Analysis of Financial Condition and Result of Operations**" on pages 173, 229 and 422, respectively. If our business, results of operations or financial condition suffer, the price of our Equity Shares and the value of your investments in the Equity Shares could decline. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus.*

Internal risk factors

Risks relating to business and operations

1. ***We operate in a competitive business environment. If we cannot respond adequately to the increased competition and consequent pricing pressures that we expect to face from existing players and new entrants, we will lose market share and our profits will decline, which will adversely affect our business, results of operations and financial condition.***

   We operate in a competitive business environment, particularly in certain business segments such as the manufacture and sale of aluminium castings in the Automotive - Aluminium Products segment, material handling systems in the Material handling sub-segment and storage systems in the Storage solutions sub-segment. Growing competition in the domestic and/or international markets may subject us to pricing pressures and require us to reduce the prices of our products in order to retain or attract customers, which may have an adverse effect on our revenues and margins. While we are focused in the development of customer-centric products, and to broaden our product range, in the event our competitors harness better process technology or improved process yield or are able to source raw materials at more competitive prices, we may not be able to maintain our growth rate and our revenues and profitability may decline. Some of our competitors may be increasing their capacities and targeting the same products or applications as us. Some of our competitors are global companies that have larger technical and financial resources and broad customer bases needed to bring competitive solutions to the market. Such companies may use these advantages to offer solutions that are perceived to be as effective or more effective as ours at the same or at a lower price. They may also develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, applications, technologies, standards, or client requirements. Our competitors may also adopt competitive strategies for various products which may have a corresponding adverse impact on our revenues and margins. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations. Also, see "***Business - Competition***" on page 191.

2. ***We depend on a limited number of customers for a significant portion of our revenues. The loss of any of our key customers or significant reduction in production and sales of, or demand for our***

production from our significant customers may adversely affect our business, results of operations and financial condition.

We depend on a limited number of customers for a significant portion of our revenues. Sales to our top four customers (based on the revenue from operations in Fiscal 2017) represented 32.26%, 27.70%, 27.98% and 25.18% of our revenue from operations for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively, and sales to our top ten customers represented 52.97%, 47.47%, 46.83% and 45.35% of our revenue from operations for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015.

It is difficult to forecast the success or sustainability of any strategies undertaken by any of our key customers in response to the current economic or industry environment. Unfavourable industry conditions can also result in an increase in commercial disputes and other risks of supply disruption. A sustained decline in the demand for products produced by our OEM customers could prompt them to cut their production volumes, directly affecting the demand from OEM customers for our products. In addition to decline in demand for existing products, insufficient demand for new products launched by our OEM customers may also affect demand for our products from such OEM customers. Further, the volume and timing of sales to our customers may vary due to variation in demand for our customers' products, our customers' attempts to manage their inventory, design changes, changes in their product mix, manufacturing strategy and growth strategy, and macroeconomic factors affecting the economy in general, and our customers in particular.

Our growth depends on the growth of our key customers. If our key customers do not successfully enter into new high-growth segments, we may be prevented from capitalising on new growth opportunities. Since we are significantly dependent on certain key customers for a significant portion of our sales, the loss of any one of our key customers, a significant reduction in demand from such customers or the downturn in business by such customers could have an adverse effect on our business, results of operations and financial condition. We may continue to remain dependent upon our key customers for a substantial portion of our revenues. In the event of our failure to retain one or more of our key customers, it will have an adverse effect on our financial performance and result of operations.

3. ***If we are unable to accurately forecast demand for our products and plan production schedules in advance, our business, cash flows, financial condition, results of operations, and prospects may be adversely affected.***

Our inability to forecast the level of customer demand for our products, process innovation, and value engineering costs as well as our inability to accurately schedule our raw material purchases and production and manage our inventory may adversely affect our business and cash flows from operations. In particular, our inability to accurately forecast demand for products in our emerging product segments such as storage solutions and material handling may hinder our planned growth in these segments.

For some of our customers, we have long term purchase agreements, which define the terms and conditions of purchases by the customers. These are supplemented by specific open purchase orders which do not have any validity in respect of time period and only specify the price at which the products are to be supplied with no mention of any specific quantity. The quantities supplied are typically based on monthly delivery schedules provided by the customers based on their own demand and supply situation. Further, for our long term contracts, there is a term for product life cycle, which in turn may be phased out or halted. Although our customers provide us with forecasts of annual business volumes, which enable us to predict our income for a portion of our business, the actual orders are only placed by way of on-going purchase orders. Product quantities are typically based on delivery schedules received from the customers in short intervals and multiple times in a day, in certain cases. Our customers do not provide a firm commitment for any specific product quantity and purchase orders may be amended or cancelled prior to finalisation, as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales and plan our inventory in advance.

Actual production volumes may vary from these estimates due to variations in consumer demand for the related vehicles leading to underutilized capacity or incurring additional expenditure to deploy additional resources to meet delivery timelines. In addition, in the event of significant cuts in production schedules announced by customers with little advance notice, we may be unable to respond with corresponding production and inventory reductions. Significant reduction in demand for our products from a major customer may have an adverse effect on our business, financial condition, results of operations, and prospects. While our customers share annual forecasts with us, we do not have any recourse against our customers in the event of a reduction in the forecasted volume. Further, we have certain manufacturing facilities which are either dedicated, or predominantly catering to some of our OEM customers and are in such localities to serve such customers efficiently. Any reduction in forecasted volume from customers for whom we run dedicated facilities, would materially and adversely affect our business, results of operations and financial condition.

Our customers have high and exacting standards for product quantity and quality as well as delivery schedules and any failure to meet our customers' expectations could result in the cancellation of orders. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Moreover, as many of our operating expenses are relatively fixed, an unanticipated change in customer demand may adversely affect our liquidity and financial condition. We typically commit to order raw materials and bought-out components from our own suppliers based on customer forecasts and orders. Cancellation by customers or delay or reduction in their orders or instances where anticipated orders fail to materialize can result in mismatch between our inventories of raw materials and bought-out components and of manufactured products, thereby increasing our costs relating to maintaining our inventory and reduction of our margins, which may adversely affect our profitability and liquidity.

In addition, we may incur significant expense in preparing to meet anticipated customer requirements that may not be recovered. Further, in the event large OEM customers change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, it may have an adverse effect on our business, results of operations and financial condition.

4. ***Failure to have long term contracts or exclusive arrangements with any of our suppliers, and any major disruption to the timely and adequate supplies of our raw materials for any of our segments could adversely affect our business, results of operations and financial condition.***

Our business, financial condition, results of operations and prospects are significantly impacted by the prices of raw materials purchased or imported by us, particularly, aluminium ingots and ferrous castings and tools.

We do not currently have long term contracts or exclusive supply arrangements with any of our suppliers and we purchase the raw materials on spot order basis. The failure of our suppliers to deliver raw material in the necessary quantities or as per the required schedule, of a specified quality/standard/specification, may adversely affect our production processes thereby giving rise to contractual penalties or liabilities, loss of customers and/or an adverse effect on our reputation, which may in turn result in an adverse effect on our business, financial condition and results of operations. Additionally, a material shortage in supply of raw material could result in the failure to meet our sales obligations, which may in turn result in a loss of revenue and cash flows. Although we have not encountered any significant disruptions in the sourcing and/or supply of our raw materials, we cannot assure you that such disruptions will not occur and/or we shall continue to be able to source raw materials in a cost effective manner.

5. ***Any shortfall in the supply of our raw materials or an increase in our raw material costs, or other input costs for any of our segments, may adversely affect the pricing and supply of our products and have an adverse effect on our business, results of operations and financial condition.***

We are dependent on third party suppliers for our raw materials. Discontinuation of production by these suppliers or a failure of these suppliers to adhere to any delivery schedule or the required quality or quantity could hamper our production schedule and therefore affect our business and results of operations. This dependence may also adversely affect the availability of key materials at reasonable prices thus affecting our margins and may have an adverse effect on our business, results of operations and financial condition. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in shortages or delays in their supply of raw materials to us. If we were to experience a significant or prolonged shortage of raw materials from any of our suppliers, and we cannot procure similar raw materials from other sources at comparable costs and of comparable quality, in a timely manner, we would be unable to meet our production schedules for some of our key products and to deliver such products to our customers in timely fashion, which would adversely affect our sales, margins, reputation and customer relations. We cannot assure you that a particular supplier will continue to supply the required components or raw materials to us in the future. Any change in the supplying pattern of our raw materials can adversely affect our business and profits. We also rely on transporters for transport and logistics. Our reliance on third parties for certain outsourced job works and on transporters for transport and logistics may affect our timelines for making delivery to our customers.

Our business, financial condition and results of operations are significantly impacted by the prices of raw materials purchased or imported by us, particularly aluminium ingots, steel and sheet metal parts.

We rely significantly on three overseas suppliers for procurement of aluminium ingots required for manufacturing aluminium castings used in Automotive - Aluminium Products and Industrial and Engineering segments, which supply 27.68% of our cost of raw material and components consumed for the nine months ended December 31, 2017.

Raw material pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are uncertainties inherent in estimating such variables, regardless of the methodologies and assumptions that we may use. This volatility in commodity prices can significantly affect our raw material costs. Further, volatility in fuel prices can also affect commodity prices worldwide which may significantly increase our raw material costs.

Further, our Automotive - Powertrain and Others, Automotive - Aluminium Products and Industrial and Engineering segments have experienced significant volatility with respect to raw materials prices in the recent past, primarily in ferrous and non-ferrous metals. Increasing raw material costs may also lead to reduction in demand for our OEM customers' end products, which in turn can affect our operations. Further, our contracts with our customers provide for pass through of any variation in the raw material costs. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. In addition, if we are not able to pass all of our raw material price increases to our customers for our operations, as we sell integrated systems rather than individual components, our results of operations may get affected adversely. The inability to pass fluctuations in raw material prices on to our customers may adversely affect our profits and profit margins. Our need to maintain a continued supply of raw materials may make it difficult to resist price increases and surcharges imposed by our suppliers, which may have an adverse effect on our business and results of operations.

6. ***Our operational flexibility may be limited in certain respects on account of our obligations under some of our major long-term customer agreements.***

We have entered into long-term customer agreements with some of our customers. Our pricing terms, payment cycles and permitted adjustments are generally set out in advance in our customer contracts or purchase orders and only allow adjustments at specific intervals and in the event of significant unanticipated changes in, for instance, raw material prices or currency exchange rate fluctuation. Due to committed delivery schedules at a pre-agreed price, we may not be able to adequately adjust our inventory and raw material costs in the event of an unanticipated change or cancellation in orders from our customers and we may, therefore, in certain events, incur additional costs that we are unable to pass through to our customers or be required to write off certain expenses.

While various terms of our long-term customer agreements with customers generally allow us a right of consultation as to difficulties faced by us or provide for certain decisions or adjustments to be made as per mutual agreement, our customers are generally permitted under the terms of such agreements to exercise a high level of discretion. For instance, our customers reserve the right at any time to direct changes, or cause us to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by our long term contract. Price and time for performance resulting from such changes are equitably adjusted by our customers based on supply of documentation in such form and detail as required by our customer. Consequently, we are exposed to the risk that our submissions or requests as to price adjustments or delivery schedules or otherwise may not be agreed to by our customers or our customers may not accede to provide consents sought by us. Any such significant operational constraint may adversely affect our business, financial condition, results of operations and cash flows. We are also bound by confidentiality obligations under our non-disclosure agreements with our customers to protect their intellectual property, including in relation to technical data such as product designs and drawings that may have been shared with us by our customers. An inadvertent breach or any misuse of intellectual property or proprietary data by any of our employees or sub-contractors may expose us to expensive infringement claims and may diminish our goodwill and reputation among our customers, suppliers, lenders, investors and the public, making it difficult for us to operate our business and compete effectively.

7. ***We extend significant credit terms to our customers and are subject to counterparty credit risk. Any deterioration in such customers' financial position and their ability to pay or our inability to extend credit in line with market practice may adversely impact our profitability.***

Due to the nature of agreements and arrangements that we enter into, we are subject to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations. Our operations involve extending credit, ranging typically from 7 to 75 days, to our customers in respect of our products and services. Consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. There is no guarantee that we will accurately assess the creditworthiness of our customers. Macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we might experience delays in the collection of, or be unable to collect, our customer balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience delays in billing and collection for our products and services, our cash flows could be adversely affected.

Accordingly, we had and may continue to have high levels of outstanding receivables. For the nine months ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015, our trade receivables were ₹ 1,901.95 million, ₹ 1,741.11 million, ₹ 1,348.10 million and ₹ 1,254.35 million, respectively, which constituted 17.59%, 14.39%, 13.69% and 14.44% of our total revenue from operations for the respective periods.

If our customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

8. ***We have undertaken joint ventures and strategic investments in the past and may continue to undertake joint ventures, strategic investments, alliances as well as inorganic growth through strategic acquisitions, in the future, which may be difficult to integrate and manage. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations.***

We have pursued and may continue to pursue joint ventures, strategic investments and alliances in India as well as overseas as a mode of expanding our operations. Going forward, we may undertake further joint ventures, investments and expansions to enhance our operations and technological capabilities. Further, we intend to explore opportunities, including selectively evaluating targets for strategic acquisitions in the powertrain business. Further acquisitions and joint ventures may require us to incur or assume new debt, expose us to future funding obligations or integration risks and we cannot assure you that such acquisitions or joint ventures will contribute to our profitability. For instance, in June 2007, we entered into a joint venture with Carl Stahl Hebetechnik GmbH (previously known as Carl Stahl International GmbH) forming Carl Stahl Craftsman Enterprises Private Limited for engaging in marketing, installation, commissioning and rendering after-sales services of material handling equipment, such as chain hoists, rope hoists and cranes kits, manufactured by us and sold under the name "Carl Stahl Craftsman". Further, we have made a strategic investment along with Mitsubishi Corporation in forming MC Craftsman Machinery Private Limited for engaging in the marketing and after-sales service of CNC, EDM and LASER manufactured by Mitsubishi Corporation, Japan. Both these arrangements have enabled us to gain access to new customers and geographies. There are no guarantees that we will be able to successfully integrate any companies or assets we acquire, or that we will realize the strategic and/or operational benefits that we expect. Moreover, we may expend significant management attention trying to do so, but may not see results. In addition, there can be no assurance that we will be able to consummate our expansions, acquisitions, mergers or alliances in the future on terms acceptable to us, or at all. Further, in the future if such arrangements are severed or disrupted, it would impair our investments and impact our business, financial condition and results of operations.

9. ***Our joint venture partner may not perform its obligations satisfactorily and its interests may differ from ours, which could have an adverse effect on our business and results of operations.***

We currently have a joint venture and may continue to pursue strategic alliances in the future. See "***Business***" and "***History and Certain Corporate Matters***" on pages 173 and 197, respectively. The success of our business collaborations depends significantly on the satisfactory performance by our joint venture partner of its contractual and other obligations. As we do not control our joint venture partner, we face the risk that it may not perform its obligations. If it fails to perform its obligations satisfactorily, we may be unable to successfully carry out our operations. In such a circumstance, we may be required to make additional investments or become liable for our partner's obligations, which could result in reduced profits or, in some cases, significant losses. Our collaborations may face difficulties in its operations due to a variety of circumstances, which could have an adverse effect on our business, results of operations and financial condition. If the interests of our partner conflict with our interests, this, and other factors may cause our joint venture partner to act in a manner that is contrary to our interests, or otherwise be unwilling to fulfil their obligations under our arrangements with them. Any of the foregoing could have an adverse effect on our business, results of operations, financial condition, and reputation.

10. ***The discontinuation of, the loss of business with respect to, or a lack of commercial success of, a particular vehicle model for which we are a significant supplier could affect our business and results of operations.***

We have long term customer agreements which define the terms and conditions of purchases by the customers which are supplemented by specific open purchase orders which do not have any validity in respect of time period and are generally valid for the lifecycle of an OEM product. Although we have purchase orders from many of our automotive customers, these purchase orders only specify the price at which the products are to be supplied with no mention of any specific quantity. The quantities supplied are based on delivery schedules provided by the customers on a monthly/daily basis, based on their own demand and supply situation.

We may be required to make substantial investments to adapt to the expansions plans made by our existing OEM customers to ensure continuity in business from such OEM customers, however there is no assurance that such investments will be as profitable as our existing business and investments, or at all. Further, we may incur significant costs in supplying OEM products from such locations to other customers. Further, we may not be able to take on new opportunities from our existing OEM customers if such opportunities do not offer attractive value proposition or commercial viability.

As our orders are linked to specific vehicles/models and are not generally interchangeable with other models/vehicles, therefore, the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle model for which we are a significant supplier could lead to cancellation of orders or loss of business and consequently reduce our sales and affect our estimates of anticipated sales, which could have an adverse effect on our business and results of operations.

11. ***We may face difficulties in executing our strategies including our expansion plans, and there can be no assurance that our planned capital expenditures will result in growth and/or additional profitability for our Company.***

In recent years, we have experienced significant growth. Our revenue from operations grew at a CAGR of 15.73% between Fiscal 2013 and Fiscal 2017. Our growth strategy includes expanding our existing business in our Automotive - Powertrain and Others segment and our product portfolio in our Automotive - Aluminium Products and Industrial and Engineering segments. We cannot assure you that our growth strategies will be successful in a timely manner or at all or that we will be able to continue to expand further or diversify our product portfolio.

We may not be able to sustain our rates of growth, due to a variety of reasons including a decline in the demand for our products and services in the Automotive - Powertrain and Others, Automotive - Aluminium Products and Industrial and Engineering segments, increased price competition, non-availability of raw materials, lack of management availability or a general slowdown in the economy. A failure to sustain our growth may have an adverse effect on our business, results of operations and financial condition.

Our growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. If we are unable to increase our production capacity in line with our customer requirements, we may not be able to successfully execute our growth strategy. Further, as we scale-up and diversify our operations, we may not be able to execute our operations efficiently, which may result in delays, increased costs and lower quality products. We cannot assure you that our future performance or growth strategy will be successful. Any of our current or future horizontal and/or vertical integration related strategies may not be executed as planned on account of factors such as lack of adequate experience, increase in competition from peers, amongst others. Our failure to manage our growth effectively may have an adverse effect on our business, results of operations and financial condition. Further, expansion and acquisitions may require us to incur or assume new debt, expose us to future funding obligations or integration risks and we cannot assure you that such expansion or acquisition will contribute to our profitability.

12. ***Our failure to identify and understand evolving industry trends and preferences to develop new products to meet our customers' demands or our limitation including on account of knowledge of new segments into which we are expanding may adversely affect our business.***

We expect to continue to dedicate significant financial and other resources to our product development efforts in order to maintain our competitive position. Investing in product development, including developing new products and enhancing existing products, is expensive and time consuming, and there is no assurance that such activities will result in significant new marketable products or enhancements to our products, design improvements, cost savings, revenues or other expected benefits. If we spend significant time and effort on research and development, and are unable to generate an adequate return on our investment, our business and results of operations may be materially and adversely affected.

Further, changes in consumer preferences, regulatory or industry requirements or in competitive technologies may render certain of our products obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis is a significant factor in our ability to remain competitive. However, there can be no assurance that we will be able to develop or secure the necessary technological knowledge that will allow us to develop our product portfolio in this manner. If we are unable to obtain such knowledge in a timely manner, or at all, we may be unable to effectively implement our strategies, and our business and results of operations may be adversely affected. Moreover, we cannot assure you that we will be able to achieve the technological advancements that may be necessary for us to remain competitive or that certain of our products will not become obsolete.

We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly. For instance, our product development to meet the BS VI emission norms may not be accepted by our customers.

To compete effectively in the Automotive - Powertrain and Others, Automotive - Aluminium Products and Industrial and Engineering segments, we must be able to develop and produce new products to meet our customers' demand in a timely manner. We cannot assure you that we will be able to install and commission the equipment needed to produce products for our customers' new product programs in time for the start of production, or that the transitioning of our manufacturing facilities and resources to full production under new product programs will not impact production rates or other operational efficiency measures at our facilities. As a result, we may incur and have in the past incurred capital expenditures to develop products to meet customer demands and those demands may be delayed at the customer end due to delays in product launches. Our failure to successfully develop and produce new products, or a failure by our customers to successfully launch new programs, could materially adversely affect our prospects and results of operations.

13. ***We export our products to various countries including, USA and Japan. Any adverse events affecting these countries could have an adverse impact on our results from operations.***

We generated ₹ 954.88 million, ₹ 1,396.63 million, ₹ 1,559.86 million and ₹ 1,785.26 million export sales in the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively, which represented 8.83%, 11.54%, 15.84% and 20.55% of our revenue from operations for the respective periods. During such periods, we exported our products to over 10 countries across North America, Europe and Asia. These export destination countries impose varying duties on our products. There can be no assurance that the duties imposed by such countries will not increase. Any change or increase in such duties may adversely affect our business, financial condition and results of operations.

Additionally, export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries and could adversely affect our business, financial condition and results of operations. Further, changes in import policies in countries to which we export our products may have a significant adverse impact on our business, financial condition and results of operations. India is also a party to, and is currently negotiating, free trade agreements with several countries and if we export our products to such countries, any revocation or alteration of those bilateral agreements may also adversely affect our ability to export, and consequently, our business, financial condition and results of operations.

14. ***Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. Further, our failure to keep our technical knowledge confidential could erode our competitive advantage.***

Our business is continually changing due to technological advances and scientific discoveries. These changes result in the frequent introduction of new products and services and significant price competition. If our products and technologies become obsolete for various factors, our business and results of operations could be adversely affected. Although we strive to maintain and upgrade our technologies, facilities and machinery consistent with current national and international standards, the technologies, facilities and machinery we currently use may become obsolete. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant, which could adversely affect our business, results of operations and financial condition. Any failure on our part to effectively address such situations, innovate and keep up with technological advancements or to successfully introduce new products and services in these areas, could adversely affect our business, results of operations, financial condition and cash flows.

15. ***We are susceptible to product liability claims that may not be adequately covered by our insurance coverage or by warranties and assurances from our equipment suppliers, and which, if successful, could require us to pay substantial sums, adversely affecting our business, results of operations and financial condition.***

We face an inherent business risk of exposure to product liability or recall claims, in the event that any of our products fail to perform as expected or such failure results or is alleged to result, in bodily injury or property damage or both. Consequently, we cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims.

Whilst we maintain insurance for product liability and recall for our exports, we do not maintain these for sales in India. As a result of product liability legislation, civil claims may be brought against our OEM customers, and we may be made parties to such claims where damages may have been caused by any faulty products that we produced. We cannot assure you that such claims will not be brought against us in the future, and any adverse determination may have an adverse effect on our business, results of operations and financial condition and reputation.

16. ***If we are unable to continue to implement our brand building and marketing initiatives, for each of our brands, our business and prospects may be adversely affected. Moreover, any deterioration in the reputation and market perception of our brands may have an adverse effect on our sales, profitability and the implementation of our growth strategy.***

We operate under our brands "V-Store", "Carl Stahl Craftsman" and "Craftsman Marine" in our Industrial and Engineering segment. Our brand and reputation are among our important assets. The performance and quality of products are critical to the success of our business. The success of these products depend significantly on the effectiveness of the product design, quality of the raw materials and bought out components, quality control systems, installation and after sales service, which in turn, depend on skills and experience of our personnel, the quality of our training program, and our ability to ensure that such personnel adhere to our policies and guidelines. Any adverse change in the quality of products rendered by us including due to reasons beyond our control, or allegations of defects, even when false, at any of our manufacturing facilities could tarnish the image of our brands, result in negative reviews and feedback from our customers.

Further, our brand building would also depend on the effectiveness of sales and promotion activities and choice of channel partners. There can be no assurance that our efforts in these areas would always be effective. Any adverse development or decline in our brand value and reputation may adversely affect our business, results of operations and financial condition.

17. ***We are dependent upon a single third party, through which we supply our locomotive components and assembly to the Indian Railways and the termination of this arrangement, or our failure to continue to successfully manage this relationship could adversely impact our revenues from the Locomotive components and assembly segment and, consequently, our business, results of operations and financial condition.***

We have a long term arrangement with a third party, namely, Transloco Engineering Industries ("**Transloco**"), through which we are authorized to be the exclusive indigenous supplier of locomotive components and assembly parts such as cylinder liners, connecting blades and forks and accessories, cooling fans, brake fans, fuel filter and pump and motor and gear assembly for High Horse Power ("**HHP**") engines for sale to the Indian Railways. For the nine months ended December 31, 2017 and Fiscal 2017, our revenue from the sale of locomotive components and assembly to the Indian Railways contributed 2.51% and 1.00% of our revenue from operations.

In the event our agreement with Transloco is terminated for any reason, including on account of a failure by either party to adhere to the terms of our agreement with Transloco, or Transloco's ability to continue its operations (including bidding for and being awarded contracts by the Indian Railways) is negatively affected for any reason (including on account of external factors beyond our control), or we are otherwise unable to continue to successfully manage our relationship with Transloco, we may not be able to identify and enter into a similar alternative arrangement with any other party, on commercially reasonable terms or at all, to allow us to continue supply of products and assembly to the Indian Railways.

Any such factors could adversely impact our revenues from the Locomotives component and assembly sub-segment and, consequently, our business, results of operations and financial condition.

18. ***If we inadvertently infringe on the intellectual property rights of others, our business and results of operations may be adversely affected.***

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licences or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be required to obtain a licence, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licences or design modifications can be extremely costly. Further, necessary licences may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, results of operations and financial condition.

In addition, in certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. If our customers' intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. This could have an adverse effect on our business, results of operations and financial condition and damage our reputation and relationships with our customers.

19. ***We have substantial capital expenditure and working capital requirements and may require additional capital to meet those requirements, which could have an adverse effect on our results of operations and financial condition.***

Our business is capital intensive as we have expanded and upgraded our existing production facilities. For the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, our capital expenditure was ₹ 944.36 million, ₹ 3,510.72 million, ₹ 1,590.36 million and ₹ 1,695.89 million. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the Automotive - Powertrain and Others, Automotive - Aluminium Products and Industrial and Engineering segments. Our sources of additional capital, where required to meet our capital expenditure plans, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. Further, our budgeted resources may prove insufficient to meet our requirements which could drain our internal accruals or compel us to raise additional capital. If we are required to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, would result in a dilution of your shareholding.

In many cases, a significant amount of our working capital is required to finance the purchase of materials and the performance of manufacturing and other work before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. These factors may result, or have resulted, in increases in the amount of, our receivables, short-term borrowings and the cost of availing such working capital funding. Additionally, our inability to obtain adequate amount of working capital at such terms which are favourable to us and in a timely manner or at all may also have an adverse effect on our financial condition. Continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

20. ***Our inability to meet our obligations under our debt financing arrangements could adversely affect our business, results of operations and cash flows.***

As of April 30, 2018, we had total secured borrowings (long term and short term) of ₹ 9,255.39 million and total unsecured borrowings (long term and short term) of ₹ 851.69 million.

Our substantial indebtedness could:

- require us to dedicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry;
- limit our ability to borrow additional funds;
- restrict us from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and
- place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In addition, adverse changes in the business conditions affecting us could cause the amount of refinancing proceeds to be insufficient to meet our interest payments or fully repay any existing debt upon maturity and we may be unable to fund the payment of such shortfalls. If we cannot obtain alternative sources of financing or our costs of borrowings become significantly more expensive, then our financial condition and results of operations will be adversely affected.

Moreover, the agreements governing certain of our debt obligations include terms that, in addition to certain financial covenants, restrict our ability to invest any funds by way of deposit, extending loan or advance to or place deposit with other companies, declare or pay any dividend or any other distribution to any of the Shareholders, effect a merger, amalgamation or scheme of arrangement or compromise, amend our Memorandum of Association and Articles of Association, incur further indebtedness of any nature and create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over assets constituting security, undertake any new project, diversify, modernise or substantial expand our projects, change our management, transfer or dispose of the Equity Shares held by our Promoter and change our capital structure. Further, we are required to obtain the consent of Yes Bank, one of our lenders in relation to this Offer, and the consent and no objection received from RBL Bank is subject to us obtaining consent from all our lenders in relation to this Offer. Any failure on our part to comply with these terms in our loan agreements would generally result in events of default under these loan agreements. In such a case, the lenders under each of these respective loan agreements may, at their discretion, accelerate payment and declare the entire outstanding amounts under these loans due and payable, and in certain instances, enforce their security which has been constituted over our various assets and take possession of those assets, which could adversely affect our liquidity and materially and adversely affect our business and operations. In addition, to the extent that we cannot make payments on accelerated amounts, such non-payment could result in cross-acceleration of some or all of our other outstanding indebtedness, and payment of penalty interest, which could likewise adversely affect our liquidity and materially and adversely affect our business and operations. Fluctuations in market interest rates may also affect the cost of our borrowings. Since the interest rates on certain of our borrowings may be subject to changes based on the prime lending rate of the respective bank lenders, such borrowings may be subject to renegotiation and/or escalation on a periodic basis and may not be covered by interest rate hedge agreements.

21. ***A substantial portion of our assets are hypothecated or mortgaged in favour of lenders as security for some of our borrowings. Our lenders may enforce the security in the event of our failure to service our debt obligations which may affect our business, financial condition, and results of operations.***

As of April 30, 2018, we had total secured borrowings (long term and short term) of ₹ 9,255.39 million. These borrowings are secured, *inter alia,* through a charge by way of hypothecation on our present and future current assets and fixed assets as well as through mortgage on our land and building in favour of the lenders. See "***Financial Indebtedness***" on page 455.

As these assets are hypothecated or mortgaged in favour of lenders, our rights in respect of transferring or disposing of these assets are restricted. Further, in the event we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings. If the lenders choose to enforce security and dispose our assets to recover the amounts due from us, our business, financial condition and results of operations may be adversely affected.

22. ***Some of our manufacturing facilities are operated on industrial land allotted to us by industrial development corporations. Failure to comply with the conditions of use of such land could result in an adverse impact on our business and financial condition.***

We own and operate 11 strategically located manufacturing facilities across seven cities in India, out of which three facilities are operated on industrial land allotted by the state-owned Industrial Development Corporations ("**IDCs**"). Under the terms of allotment of such lands, we are required to comply with certain ongoing conditions, including achieving the investment commitment set out in the project report, adhering to the timelines for completion of setting up of the manufacturing facility, and commencement of manufacturing activity. If we fail to meet any such conditions, we may be required to incur additional liability. Further, according to the statutory rules under which the IDCs function, IDCs also retain the power to cancel allotment of land in the event of breach of any rules of allotment.

We have in the past sought time extensions to commence production for one of our manufacturing facilities at Sriperumbudur, near Chennai, for which the extension was granted.

As we are constantly looking to expand our business, we will be required to enter into arrangements with IDCs and other third parties to secure land for setting up new manufacturing facilities or expanding existing ones. However, there are several factors and variables such as delay in receipt of confirmed orders from our customers, inability to arrange for manpower, inability to raise debt for unforeseen increases in project outlays and delay in securing requisite licenses and approvals which could delay the completion of the manufacturing facility beyond the timeline agreed upon with the IDC or other third parties. In such an event, we are subject to the risk of paying a premium or, even, the cancellation of land allotment. Cancellation of land allotment could have an impact on our financial condition on account of the capital invested on a facility being blocked without any returns while we continue to service the cost of the capital raised which could adversely impact our results of operations and financial condition.

23. ***Certain of our immovable properties, including our registered and corporate office and where some of our manufacturing facilities are located, are leased. If we are unable to renew existing leases or relocate our operations on commercially reasonable terms, there may be an adverse effect on our business, financial condition and operations.***

Our registered and corporate office and certain of our manufacturing facilities are on leasehold basis from certain third parties. For details of our registered and corporate office and our manufacturing facilities, see "***Business – Property***" on page 190. The leases for some of these premises are long-term lease agreements. If we are unable to renew certain or all of these leases on commercially reasonable terms, we may suffer a disruption in our operations or be unable to continue to operate from those locations in the future (and may, to that extent, need to revise our raw material sourcing, product manufacturing and raw material and product inventory schedules and/or incur significant costs to relocate or expand our operations elsewhere in order to continue to honour our commitments to our customers). In addition, the terms of certain of our leases require us to obtain the lessor's prior consent for certain actions (including making significant structural alterations to the factory building, which may be required if we were to undertake a significant expansion in the future, or for undertaking a corporate restructuring or to sublet, transfer, assign, charge or mortgage such properties). In the event that any lease agreement is not renewed, we will be required to expend time and financial resources to locate suitable land to set up new warehouses, which may adversely affect our financial condition. Further, if the vacated property is leased or sold to a competitor, we may also face increased competition in that geographic area which could adversely affect our market share and revenues.

24. ***We are dependent on third party transportation for the delivery of raw materials and finished products and any disruption in their operations or a decrease in the quality of their services could adversely affect our business and results of operations.***

Our success depends on the smooth supply and transportation of the various raw materials required for our various manufacturing facilities which is subject to various uncertainties and risks and finished products. We use third party transportation providers for the supply of most of our raw materials. Transportation strikes have had in the past and could again have in the future, an adverse effect on supplies from our suppliers. In addition, raw materials and finished products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and finished products which may also affect our business and results of operation negatively. A failure to maintain a continuous supply of raw materials could have a material and adverse effect on our business, financial condition and results of operations.

Additionally, if we lose one or more of our transportation providers, we may not be able to obtain terms as favourable as those we receive from the third party transportation providers that we currently use, which in turn would increase our costs and thereby adversely affect our operating results. Further, if our transportation providers do not carry sufficient insurance coverage, any losses that may arise during the transportation process will have to be claimed under our insurance policies. There can be no assurance that we will receive compensation for any such claims in a timely manner or at all, and consequently, any such loss may adversely affect our business, financial condition, results of operations and cash flows.

Disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road or rail infrastructure, or other events could impair the ability of the third-party transportation providers to deliver us the raw materials and our finished products to our customers in a timely manner or at all. As a result, in the event there is any disruption in the supply of our raw materials and our finished products, performance of our business, results of operations and cash flows may be adversely affected.

25. ***Our sustained growth depends on our ability to attract and retain skilled and qualified manpower. Failure to attract and retain skilled and qualified manpower or to effectively manage our growth could adversely affect our business, and increased employee compensation costs could adversely affect our financial condition.***

Our ability to provide high-quality products and services and to manage the complexity of our business depends, in part, on our ability to retain and attract semi-skilled and skilled and qualified manpower in the areas of management, product engineering, design, manufacture, servicing, sales, information technology, and finance. Competition for such personnel is intense and the cost of retaining or replacing such personnel may affect our profitability. In addition, our strategies for growth have placed, and are expected to continue to place, increased demands on our management's and employees' skills and resources.

Further, our manufacturing activities are labour intensive, requiring our management to undertake significant labour interface, and expose us to the risk of industrial action. As on March 31, 2018, we had a large workforce of 1,331 qualified and skilled permanent workmen, 1,859 apprentices/trainees, and 1,541 contract workmen.

For the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, our employee benefit expenses was ₹ 1,479.77 million, ₹ 1,479.44 million, ₹ 1,228.27 million and ₹ 1,059.44 million, constituting 13.69%, 12.23%, 12.47% and 12.19%, respectively, of our revenue from operations.

As on the date of this Draft Red Herring Prospectus, we have no labour unions in any of our manufacturing facilities. However, there is no assurance that our employees will not unionize in the future. Further, while we have not experienced any strikes or labour unrest at any of our manufacturing facilities in the past, we cannot assure you that we will not experience work disruptions in the future due to disputes or other problems with our work force. Any such event, at our current facilities or at any new facilities that we may commission or acquire in the future, may adversely affect our ability to operate our business and serve our customers, and impair our relationships with key customers and suppliers, which may adversely impact our business and financial condition. Any changes in the existing labour laws of the countries in which we operate may increase our labour cost and may also increase time spent by our management in labour related matters, which could impact our business and results of operations. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, results of operations, financial condition and cash flows.

26. ***We depend on our senior management and Key Managerial Personnel for our business and future growth. If we are unable to attract or retain key executives or Key Managerial Personnel, our operations may be adversely affected.***

Our future performance would depend on the continued service of our senior management, Key Managerial Personnel, and the loss of any senior employee and the inability to find an adequate replacement may impair our relationship with key customers and our level of technical expertise, which may adversely affect our business, financial condition, results of operations and prospects. In particular, we rely on the experience and business relationships of our Promoter, Chairman and Managing Director, Srinivasan Ravi, our Key Managerial Personnel, and other business heads, unit heads and functional heads. Should their involvement in our business reduce, or should our relationship with these persons deteriorate for any reason in the future, our business, financial condition, results of operations and prospects may be adversely affected. For details of our management and Key Managerial Personnel, see "***Management – Key Managerial Personnel***" on page 219.

Failure to hire or retain key managerial personnel could adversely affect our business and result of operations.

27. ***Our Company, Joint Venture, Directors and our Group Company, are involved in certain legal proceedings, and an adverse outcome in any such proceedings may adversely affect our business, financial condition and growth strategy.***

Our Company, Joint Venture, Directors and Group Company are involved in certain legal proceedings, in the ordinary course of business, which are pending at varying levels of adjudication at different fora, from time to time. The summary of the outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving our Company, Joint Venture, Directors and Group Company. All pending litigation involving our Company, Joint Venture, Directors and Group Company, other than criminal proceedings, statutory or regulatory actions and taxation matters, are considered "material" if the monetary amount of claim by or against the entity or person, in any such pending litigation exceeds 1.00% of the consolidated profit after tax of our Company, as per the Restated Consolidated Financial Information, for the latest fiscal i.e. Fiscal 2017, amounting to ₹ 4.26 million, or any such litigation, an adverse outcome of which would materially and adversely affect our Company's business, prospects, operations, financial condition or reputation, irrespective of the amount involved in such litigation.

S. No.	Name of entity/person	Criminal proceedings	Tax proceedings	Statutory/Regulatory proceedings	Material civil proceedings	Aggregate amount involved* (*in ₹ million)*
1.	**Company**					
	By our Company	Nil	Nil	Nil	Nil	Nil
	Against our Company	Nil	30	Nil	Nil	88.32
2.	**Joint Venture**					
	By Joint Venture	Nil	Nil	Nil	Nil	Nil
	Against Joint Venture	Nil	1	Nil	Nil	0.92
3.	**Directors (other than our Promoter)**					
	By our Directors	Nil	Nil	Nil	Nil	Nil
	Against our Directors	Nil	Nil	1	Nil	0.10
4.	**Group Company**					
	By our Group Company	Nil	Nil	Nil	1	17.82
	Against our Group Company	Nil	1	Nil	Nil	0.96
	Total	Nil	**32**	**1**	**1**	**108.12**

****to the extent quantifiable*

Involvement in such proceedings could divert our management's time and attention, and consume financial resources. Further, an adverse judgment in these proceedings could have an adverse impact on our business, results of operations and financial condition. See "***Outstanding Litigation and Other Material Developments***" on page 457.

We cannot assure you that any of such proceedings will be settled in our favour or in favour of our Company, Subsidiaries, Directors or Group Company, as applicable, or that no additional liability will arise out of these proceedings.

28. ***We are subject to risks arising from interest rate fluctuations, which could adversely affect our results of operations planned expenditures and cash flows.***

As of April 30, 2018, 73.95% of our indebtedness was at floating interest rates while 26.05% of our indebtedness was at fixed interest rate or hedged against interest rate risks. If the interest rates of our existing or future borrowings increase significantly, our cost of funds will increase. A further increase in interest rates may have an adverse effect on our results of operations and financial condition. While we could consider refinancing the loan or hedging interest rate risks in appropriate cases, there can be no assurance that we will be able to do so on commercially reasonable terms or at all, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks. Further, if such arrangements do not protect us adequately against interest rate risks, they would result in higher costs.

29. ***Our Group Company has incurred losses in Fiscal 2017.***

Our Group Company, MC Craftsman Machinery Private Limited, in which we have 10.00% equity stake, has incurred losses in Fiscal 2017. Details of profits (or losses) after tax of our Group Company in the Fiscals 2017, 2016 and 2015 are provided in "***Promoter, Promoter Group and Group Company - Loss Making Group Company***" on page 223. There is no assurance that our other Group Company will not incur losses in future periods or that there will not be an adverse effect on our Company's reputation or business as a result of such losses.

30. ***We are exposed to credit risk on account of interest free loans given by our Company to our Subsidiaries.***

Our Company has given interest free loans to our Subsidiaries, Craftsman Automation Singapore Pte Limited and Craftsman Marine B.V. We have made impairment provisions aggregating to ₹ 3.13 million as on December 31, 2017, for loans given to Craftsman Automation Singapore Pte Limited in our Restated Financial Information. There is no assurance that we will be able to fully recover such loans from our Subsidiaries or that they will settle such loans in a timely manner or at all. In the event, or to the extent, that any such impairment is realized, it could have an adverse effect on our business, financial condition, results of operations, and prospects. See "***Financial Statements***" on page 229.

31. ***We are still awaiting certain approvals from various regulatory agencies and the delay or refusal of the grant of such approvals in future may significantly impact our business and strategy.***

We require certain approvals, licences, registrations and permissions for operating our business, some of which may have expired and for which we may have either made, or are in the process of making, an application for obtaining the approval for its renewal. If we fail to obtain or retain any of these approvals or licences, or renewals thereof, in a timely manner, our business may be adversely affected. Further, our government approvals and licences are subject to numerous conditions, some of which are onerous and require us to make substantial compliance-related expenditure. Further, we cannot assure you that the approvals, licenses, registrations or permits issued to us will 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. If we fail to comply or a regulator claims that we have not complied with these conditions, our business, prospects, financial condition and results of operations may be adversely affected. See "***Government and Other Approvals***" on page 463.

32. ***Our ability to access capital depends on our credit ratings. Any downgrade of our credit ratings may restrict our access to capital and thereby adversely affect our business and results of operations.***

The cost and availability of capital is dependent, among other factors, on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our loan facilities are rated by CRISIL as BBB +/Stable for long term loans and A2 for short term loans, while CARE has assigned BBB/Positive outlook for long term loans and A3+ for short term loans Any future performance issues by us or the industry may result in a downgrade of our credit ratings, which may in turn lead to an increase in our borrowing costs and constrain our access to funds and debt markets and, as a result, may adversely affect our business growth. In addition, any downgrade of our credit ratings could result in default under our financing arrangements or lenders imposing additional terms and conditions in any future financing or refinancing arrangements in the future. Any such adverse development may adversely affect our business operations, future financial performance and the price of our Equity Shares.

33. ***We are subject to various risks associated with the overseas markets in which we may operate, including but not limited to foreign currency and tax. These risks may have an adverse effect on our business, prospects, results of operations and financial condition.***

We have substantial exports, currently across 10 countries, including USA and Japan. We generated ₹ 954.88 million, ₹ 1,396.63 million, ₹ 1,559.86 million and ₹ 1,785.26 million as export sales in the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively, which represented 8.83%, 11.54%, 15.84% and 20.55% of our revenue from operations for the respective periods. Our international operations, including in any markets in which we may operate, are subject to risks that are specific to each country and region in which we operate as well as risks associated with international operations in general. Our international procurements and exports are subject to, among other risks and uncertainties, the following:

- Adverse weather conditions, social, economic and geopolitical conditions, such as natural disasters, civil disturbance, terrorist attacks, war or other military action would affect our business and operations.

- Compliance with local laws, including legal constraints on ownership and corporate structure, environmental, health, safety, labour and accounting laws, may impose onerous and expensive obligations on our Subsidiaries. If we are unable to comply with such laws, our business, results of operations and financial condition could be adversely affected.

- Changes in foreign laws, regulations and policies, including restrictions on trade, import and export licence requirements, and tariffs and taxes, intellectual property enforcement issues as well as changes in policies relating to foreign trade and investment, may affect our ability to operate and the way in which we manage our business in the countries in which we operate.

- Fluctuations in foreign currency exchange rates against the Indian Rupee, which can affect our results of operations, the value of our foreign assets, the relative prices at which we and foreign competitors sell products in the same markets and the cost of certain inventory and non-inventory items required in our operations. For instance, fluctuation of the Indian Rupee, USD, Euros, JPY and SGD would have an impact on the export revenues and profits of our operations.

Any of these risks could have an adverse effect on our business, prospects, results of operations and financial condition.

34. ***In the event we are unable to meet our export obligations in full, we may be liable to pay duty proportionate to unfulfilled obligations along with interest. We currently avail benefits under the EPCG licenses. In order to continuously avail the benefits we are required to export goods of a defined amount. Any failure in meeting the obligations, may result in adversely affect our business operations and our financial condition.***

Pursuant to our EPCG licenses, we are required to export goods of a defined amount, failing which we may have to pay the Government, a sum equivalent to the duty benefit enjoyed by us under the EPCG licenses along with interest. As of December 31, 2017, our pending obligation against the EPCG license is ₹ 351.47 million. Any reduction or withdrawal of benefits or our inability to meet any of the conditions prescribed under any of the schemes would adversely affect our business, financial condition, results of operations and prospects.

35. ***Any unsecured loans, including the working capital loans taken by our Company may be recalled at any time.***

In case we avail of any unsecured loans, including working capital loans, some of them may be recalled at any time at the option of the lender. There can be no assurance that the lenders will not recall such borrowings or if we will be able to repay loans advanced to us in a timely manner or at all. In the event that any lender seeks a repayment of any such loan, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. As a result, if such unsecured loans are recalled at any time, it may impact our business, results of operations and financial condition.

36. ***We cannot assure you that the deployment of the Net Proceeds in the manner intended by us will result in an increase in the value of your investment.***

We intend to utilize the Net Proceeds as set forth in "***Objects of the Offer***" on page 96.

The fund requirement mentioned as a part of the objects of the Offer is based on our internal management estimates based on the terms of our current financing documents and has not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, other financial conditions or business strategies.

Any variation in the objects of the Offer, including due to factors or circumstances including competitive and dynamic market conditions, variation in cost structures, changes in estimates due to cost overruns or delays, which may be beyond our control, any such variation in the objects of the Offer would require a special resolution of our Shareholders and our Promoter or controlling Shareholders will be required to provide an exit opportunity to our Shareholders who do not agree to such variation, pursuant to Section 27 of the Companies Act 2013. If our Shareholders exercise such an exit option, our share price may be adversely affected, which may affect the value of your investment.

37. ***We have contingent liabilities not provided for of ₹ 299.35 million as of December 31, 2017 and our profitability may be adversely affected if any of these contingent liabilities materialise.***

As at December 31, 2017, our contingent liabilities, as per Ind AS 37 - provisions, contingent liabilities and contingent assets, that have not been provided for are as set out in the table below:

(in ₹ million)

Particulars	As of December 31, 2017
Claims against our Company not acknowledged as Debt:	
a. Excise	12.60
b. Service tax	7.22
c. Income tax	69.42
Bank Guarantee (Net of Margin)	95.19
On Import/Inland Letter of Credit opened by banker (Net of Margin)	56.34
Export Obligation under EPCG Scheme	58.58

If any of these contingent liabilities materialises, our results of operations and financial condition may be adversely affected. See "***Financial Statements***" on page 229.

38. ***We have experienced negative cash flows in the past. Any such negative cash flows in the future may adversely affect our business, financial condition, results of operations and prospects.***

We had negative cash flows from investing activities and financing activities for certain of the following periods as set out below:

(in ₹ million)

Consolidated	Nine months ended December 31, 2017	Fiscal		
		2017	2016	2015
Net cash from operating activities	1,707.08	2,348.18	1,426.51	2,237.97
Net cash used in investing activities	(1,455.30)	(2,815.17)	(1,387.53)	(1,798.20)
Net cash used in financing activities	(103.18)	699.33	(40.78)	(342.87)
Net increase in cash and cash equivalents	148.60	232.34	(1.80)	96.89
Cash and cash equivalents as at beginning of year	397.44	165.10	166.90	70.01
Cash and cash equivalents as at end of year	546.04	397.44	165.10	166.90

Also see "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 229 and 422, respectively. We cannot assure you that our net cash flow will be positive in the future or that we shall generate profits in future.

39. ***Our Promoter has provided personal guarantees to certain loan facilities availed by us, which if revoked may require alternative guarantees, repayment of amounts due or termination of the facilities, which in turn may adversely impact our cash flow, business and result of operations.***

As on April 30, 2018, our Promoter has provided personal guarantees as security to secure some of our existing borrowings and may continue to provide such guarantees post consummation of the Offer. In case of a default under our loan agreements, any of the personal guarantees provided by our Promoter may be invoked and/or the security may also be enforced, which could negatively impact the reputation and net worth of our Promoter. In addition, our Promoter may be required to liquidate his shareholding in our Company to settle the claims of the lenders, thereby diluting his shareholding in our Company. Lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring alternative guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial condition.

40. ***Our quarterly results may fluctuate significantly, which could have a negative effect on the price of our Equity Shares.***

Our quarterly results of operations may fluctuate significantly as a result of a variety of factors, including the seasonal nature of the segments in which we operate. For instance, our sales, operating profit and cash flows have historically declined during the third quarter of each Fiscal, primarily due to a reduction in sales on account of reduced number of working days due to festivities and holidays in India, and a reduction in export sales due to festivities and holidays in such jurisdictions. As a result, our financial statements for consecutive quarters may not be directly comparable with each other. Moreover, any significant disruption in our operations or other factors that result in a significant shortfall compared with our expectations for the first or fourth quarter could, consequently, result in a significant shortfall in sales and operating cash flows for the full year.

41. ***Our ability to pay dividends in the future will depend on our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

The amount of our future dividend payments, if any, will depend on our future earnings, cash flows, financial condition, working capital requirements, capital expenditure, 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, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders. See "***Dividend Policy***" and "***Financial Indebtedness***" on pages 228 and 455, respectively.

42. ***Our manufacturing facilities are subject to disruptions in or lack of basic infrastructure such as fuel and electricity, which could increase our manufacturing costs or interrupt our operations, which in turn may adversely impact our results of operations.***

We own and operate 11 strategically located manufacturing facilities across seven cities in India. For a description of our manufacturing facilities, see "***Business - Manufacturing Facilities***" on page 187. Any disruptions at any or all of such manufacturing facilities would significantly impact our ability to manufacture certain products and may consequently delay production or require us to shut down our manufacturing facilities. We may be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals such as any norms prescribed by pollution control authorities.

We require substantial power and fuel for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. For the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, our power and fuel costs was ₹ 634.37 million, ₹ 661.66 million, ₹ 511.18 million and ₹ 419.21 million, constituting 5.87%, 5.47%, 5.19% and 4.83%, respectively, of our revenue from operations. If power or fuel costs were to rise, or if their supply arrangements were disrupted, our profitability could decline.

We source most of our electricity requirements for our manufacturing facilities from state electricity grids and to a lesser extent from our group captive power arrangements in the State of Tamil Nadu and diesel generating sets for standby supply. If supply is not available for any reason, we will need to rely on diesel generating sets, which may not be able to consistently meet our requirements. The cost of electricity from diesel generating sets could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason such electricity is not available or we are unable to switch to alternate power source in a short time, we may need to shut down our plants until an adequate supply of electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production, the loss of production in progress and delays in delivery schedules.

Further, certain of our facilities are located near our OEM customers' plants. In the event of a shutdown of the OEM plants, our cost of relocation or supply may adversely impact our business, financial condition and results of operations.

43. ***We may incur costs on account of relocating our manufacturing facilities in close proximity to the facilities of our OEM customers***

To serve our OEM customers effectively, we currently have certain manufacturing facilities which are located in close proximity to our customers' facilities. Each of these facilities is located near the plants of the respective OEM customers that it caters to. If any of our customers' facilities are moved from their current locations or shut down, we would incur costs associated with relocating our manufacturing facilities. Our contracts with our customers do not provide for compensation upon the occurrence of such events. In addition, expansion to meet our growth requirements is limited by availability of land and other location issues in certain of our existing manufacturing facilities. We are, and will continue to evaluate various location options for our expansion plans. We may also have to incur capital expenditure to meet such requirements. Costs associated with such changes may have an adverse effect on our business, cash flows, financial condition, and results of operations.

44. ***Our manufacturing facilities are subject to various operating risks and any shutdown of our manufacturing facilities may have an adverse effect on our business, results of operations and financial condition.***

Our manufacturing facilities are subject to various operating risks, such as:

- breakdown or failure of equipment, power supply or processes;
- performance below expected levels of efficiency;
- natural disasters;
- industrial accidents; and
- need to comply with the directives of relevant government authorities.

Any such events may cause an unplanned shutdown or temporary or sustained slowdown in our production, or may require us to incur significant compliance or remediation costs, which we may not be able to completely or sufficiently or at all pass on to customers or recover through insurance in all events. For example in December 2016, the cyclonic storm Vardah disrupted operations at our Sriperumbudur facility for a day.

Our foundry related operations are inherently risky and requires individuals to work under potentially high risk circumstances. For example, if improperly handled, molten metal can cause personal injury or loss of life of employees or other persons, and cause damage to our properties and the properties of others and the imposition of civil or criminal liabilities. We could also face claims and litigation filed on behalf of persons alleging injury as a result of occupational exposure to hazards at our facilities.

Further, the assembly lines of our customers rely significantly on the timely delivery of our components and our ability to provide an uninterrupted supply of our products is critical to our business. Certain of our customers may terminate their relationships with us or seek to impose penalties on component manufacturers like us, or may initiate arbitration or legal proceedings against us, for stoppage in any of their critical operations or assembly lines and damages sought, potentially or allegedly on account of delayed delivery or a defect or deficiency in the products or services delivered by us.

Our business, results of operations and financial condition may be adversely affected by any of the factors mentioned above, in particular, on account of any such events affecting our flagship manufacturing facilities in Coimbatore.

45. ***Failure or disruption of our IT systems may adversely affect our business, financial condition, results of operations and prospects.***

We have implemented various IT systems which covers key areas of our operations, procurement, inventory, sales and dispatch and accounting. For instance, we implemented Oracle E Business Suite in 2013 which encompasses all materials management, including procurement, bill of material, inventory finance and accounts and sales order and invoicing management. We significantly rely on our IT systems for the timely supply of our products to customers.

These systems are potentially vulnerable to damage or interruption from a variety of sources, which could result in an adverse effect on our operations. A large-scale IT malfunction could disrupt our business or lead to disclosure of, and unauthorised access to, sensitive Company information. Our ability to keep our business operating depends on the proper and efficient operation and functioning of various IT systems, which are susceptible to malfunctions and interruptions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network problems). Such malfunction or disruptions could cause economic losses for which we could be held liable. A failure of our information technology systems could also cause damage our reputation which could harm our business. Any of these developments, alone or in combination, could have an adverse effect on our business, financial condition and results of operations.

Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT systems may lead to inefficiency or disruption of IT systems thereby adversely affecting our ability to operate efficiently.

Any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption (including due to human error or sabotage) may affect our ability to plan, track, record and analyse work in progress and sales, process financial information, meet business objectives based on IT initiatives such as product life cycle management, manage our creditors, debtors, manage payables and inventory or otherwise conduct our normal business operations, which may increase our costs and otherwise materially adversely affect our business, financial condition, results of operations and prospects.

46. ***Delay in schedule of implementation may subject us to risks related to time and cost overrun which may have an adverse effect on our business, results of operations and financial condition.***

We have, in the past faced time and cost overrun and have sought time extensions to commence production for one of our manufacturing facilities at Sriperumbudur, near Chennai. For further information, see"- ***Some of our manufacturing facilities are operated on industrial land allotted to us by industrial development corporations. Failure to comply with the conditions of use of such land could result in an adverse impact on our business and financial condition.***" and "***History and Certain Corporate Matters***" on pages 27 and 197, respectively. We are currently in the process of setting up additional manufacturing facilities at Perundurai, in the State of Tamil Nadu and Pune, in the State of Maharashtra, for which we may face risks relating to commissioning including delays to construction time schedule, failure of our contractors and suppliers to adhere to our specifications and timeline.

We have limited control over the timing and quality of services, equipment or other supplies from third party contractors appointed by us, and we may be required to incur additional unanticipated costs to remedy any defect or default in their services or products to ensure that the planned timelines are adhered to.

47. ***We have entered into transactions with related parties. These or any future related party transactions may potentially involve conflicts of interest and there can be no assurance that we could not have achieved better terms, had such arrangements been entered into with unrelated parties.***

We have entered into various transactions with related parties, including for purchase of goods and services, sale of goods and services, from time to time. We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although going forward, all material related party transactions that we may enter into, will be subject to the Board's or Shareholders' approval, as necessary under the Companies Act 2013 and the SEBI Listing Regulations, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Such related party transactions may potentially involve conflicts of interest. See "***Related Party Transactions***" and "***Financial Information***" on pages 227 and 229, respectively.

We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority Shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows. We cannot assure you that related party transactions could not have been made on more favourable terms with unrelated parties. Further, there is no assurance that our related party transactions in future would be on terms favourable to us when compared to similar transactions with unrelated or third parties or that our related party transactions, individually or in the aggregate, will not have an adverse effect on our financial condition.

48. ***Our insurance coverage may not be adequate to protect us against all material risks. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against a possible risk of loss.***

Our principal types of coverage include among others, protection from fire, marine protection, special perils, burglary, product liability and employee insurance policies such as group personal accident policy, health insurance policy and workmen compensation policy. We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all.

To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected. See "***Business - Insurance***" on page 190.

49. ***Fraud, theft, employee negligence or similar incidents may adversely affect our results of operations and financial condition.***

Our operations may be subject to incidents of theft or damage to inventory in transit and prior to or during godown stocking. The business may also encounter some inventory loss on account of employee theft, vendor fraud and general administrative error. While we have never experienced any such instance in the past, there can be no assurance that we will not experience any fraud, theft, employee negligence, security lapse, loss in transit or similar incidents in the future, which could adversely affect our results of operations and financial condition. Additionally, losses due to theft, fire, breakage or damage caused by other casualties, could adversely affect our results of operations and financial condition.

50. ***Any failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and results of operation.***

We have applied for the registrations for a number of trademarks in India, including certain key trademarks, which have been objected to, or rejected. See "***Business – Intellectual Property***" "***Government and Other Approvals***" on pages 190 and 463, respectively. The use of our trademarks or logos by third parties could adversely affect our reputation, which could in turn adversely affect our business and results of operations. We may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted.

If our trademarks or other intellectual property are improperly used, the value and reputation of our brands could be harmed. The measures we take to protect our intellectual property may not be adequate to prevent unauthorized use of our intellectual property by third parties. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe upon our rights, which may have an adverse effect on our business, results of operations and financial condition.

51. ***Compliance with, and changes in, safety, health and environmental laws and various labour, workplace and related laws and regulations including terms of approvals granted to us, may increase our compliance costs and as such adversely affect our business, results of operations and financial condition.***

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations. For example, the laws in India limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of substances that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies and incur costs to remedy the damage caused by such discharges. Any of the foregoing could subject us to litigation, which may increase our expenses in the event we are found liable, and could adversely affect our reputation.

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

We are also subject to the laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. Our business is also subject to, among other things, the receipt of all required licenses, permits and authorizations including local land use permits, manufacturing permits, building and zoning permits, and environmental, health and safety permits. There is a risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products.

52. ***We have been unable to locate certain of our corporate records.***

We are unable to locate certain of our corporate records with respect to certain transfer of equity shares to our Promoter in the past, and certain forms filed with the RoC, in respect of increase in the authorised share capital of our Company.

53. ***We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition, results of operations and cash flows.***

We are subject to a number of stringent labour laws. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. We are also subject to international, federal, state and local laws and regulations, in all jurisdictions where we have operations, governing our relationships with our employees, including those relating to minimum wage, overtime, working conditions, hiring and firing, non-discrimination, work permits and employee benefits. Further, in order to retain flexibility and control costs, we appoint independent contractors who, in turn, engage on-site contract labour to perform certain operations. Although we do not engage these labourers directly, in the event of default by any independent contractor, we may be held responsible for providing statutory benefits, including wages to these labourers if the independent contractors fail to do so. If we are required to pay the wages of the contracted employees, our results of operations and financial condition could be adversely affected. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

54. ***Our Promoter and Promoter Group will continue to retain control over our Company after completion of the Offer, which will allow them to influence the outcome of matters submitted for approval of our Shareholders.***

The aggregate pre-Offer shareholding of our Promoter and Promoter Group, as on the date of this Draft Red Herring Prospectus is 63.40% of the issued, subscribed and paid-up Equity Shares. Consequently, our Promoter and Promoter Group will continue to exercise significant control over us after completion of the Offer, including being able to control the composition of our Board of Directors and determine matters requiring Shareholders' approval or approval of our Board of Directors. Our Promoter and Promoter Group may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority Shareholders. By exercising their control, our Promoter and Promoter Group could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us even if such actions may be beneficial for the Company. See "***Capital Structure***" on page 85.

55. ***Our Promoter, Chairman and Managing Director, Srinivasan Ravi, holds Equity Shares in our Company and is therefore interested in our Company's performance in addition to his remuneration and reimbursement of expenses.***

Our Promoter, Chairman and Managing Director, Srinivasan Ravi is interested in our Company to the extent of his shareholding in our Company and the dividend entitlement received from our Company, in addition to the normal remuneration or benefits and reimbursement of expenses by our Company. We cannot assure you that our Promoter, Chairman and Managing Director, Srinivasan Ravi or any other interested Director in the future, would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, Srinivasan Ravi or any other interested Director in the future will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting, and our other Shareholders may be unable to affect the outcome of such voting. Srinivasan Ravi or any other interested Director in the future may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that Srinivasan Ravi or any other interested Director in the future will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospects. See "***Capital Structure***" on page 85.

56. ***The audit reports on our Restated Financial Information for the nine months ended December 31, 2017 and Fiscals 2017, 2016, 2015, 2014 and 2013 contain certain adverse remarks, matter of emphasis and a qualification.***

The audit reports on our Restated Financial Information for the nine months ended December 31, 2017 and Fiscals 2017, 2016, 2015, 2014 and 2013 contain certain adverse remarks, matter of emphasis and a qualification. Each of these are detailed in the audit reports in relation to the Restated Financial Information. See "***Financial Statements***" on page 229.

We cannot assure you that our audit reports for any future Fiscal periods will not contain adverse remarks, matters of emphasis, qualifications or other observations which affect our results of operations in such future periods.

57. ***Our Company will not receive any proceeds from the Offer for Sale.***

The Offer includes an Offer for Sale of up to 4,383,320 Equity Shares, in the aggregate, by the Selling Shareholders. The proceeds from the Offer for Sale (net of applicable expenses) will be paid to the respective Selling Shareholders and our Company will not receive any such proceeds. See "***Objects of the Offer***" on page 96.

58. ***We have issued Equity Shares in the last 12 months, the price of which may be lower than the Offer Price.***

During the last 12 months we have issued Equity Shares that may be at a price lower than the Offer Price as detailed in the following table:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reason of Allotment
December 21, 2017	431,177	100	-	N.A.	Bonus issue to all existing shareholders in the ratio of three equity shares for every four equity shares held

See "***Capital Structure***" on page 85.

59. ***This Draft Red Herring Prospectus contains information from industry sources including the industry report commissioned from CRISIL Research. Prospective investors are advised not to place undue reliance on such information.***

This Draft Red Herring Prospectus includes information derived from third party industry sources and from a report dated May, 2018, titled "*Studying the Automotive and Industrial Engineering Business in India*" prepared by CRISIL Research (the "**CRISIL Report**") pursuant to an engagement with our Company. We commissioned the CRISIL Report. Neither we, nor the Promoter, nor Directors, nor any of the BRLMs, nor any other person connected with the Offer has verified the information in the CRISIL Report and other information under "***Industry Overview***" on page 114, and we cannot guarantee the accuracy, adequacy or completeness of any such information. Moreover, the industry sources including the CRISIL Report contains certain industry and market data, based on certain assumptions.

Further, the reports use certain methodologies for market sizing and forecasting. There are no standard data gathering methodologies in the markets in which we operate, and methodologies and assumptions vary widely among different industry sources. Such assumptions may change based on various factors. We cannot assure you that such assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the CRISIL Report or any other industry data or sources are not recommendations to invest in our Company. Prospective investors are advised not to place undue reliance on the CRISIL Report or extracts thereof as included in this Draft Red Herring Prospectus, when making their investment decisions. See "***Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation***", "***Summary of Industry***" and "***Industry Overview***" on pages 12, 47 and 114, respectively.

External risk factors

60. ***The cyclical and seasonal nature of automotive sales and production can adversely affect our business.***

The automobile industry has witnessed substantial changes in recent years, including, among others, continued consolidation, outsourcing, decreasing profit margins in certain segments, regulatory, shifts in production to low-cost manufacturing centres and technological changes.

Our Automotive - Powertrain and Others and Automotive - Aluminium Products segments are directly related to our customers' vehicle sales and production levels across various segments. Automotive sales and production are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences as well as changes in interest rate levels, consumer confidence and fuel costs. For example, the recent growth in sales of electric vehicles, which is currently more prevalent for personal vehicles, may shift towards commercial vehicles as well, thereby directly impacting our Automotive - Powertrain and Others and Automotive - Aluminium Products segments. Our sales are also affected by inventory levels and production levels of automotive manufacturers. We cannot predict when manufacturers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. This may result in variability in our sales and financial condition. Uncertainty regarding inventory levels may be exacerbated by favourable consumer financing programs initiated by manufacturers, which may accelerate sales that would otherwise occur in future periods. In the past, we have experienced sales declines during the manufacturers' scheduled shutdowns or shutdowns resulting from unforeseen events. As we have high fixed production costs, even relatively modest declines in our customers' production levels and thus, our production volumes, can have a significant adverse impact on our profitability. In addition, lower global automotive sales during the global financial crisis resulted in substantially all automotive manufacturers lowering vehicle production schedules. There is no assurance that global automotive sales will continue to recover or not decrease further. Continued uncertainty and other unexpected fluctuations could have an adverse effect on our business, results of operations and financial condition.

The automobile industry is also subject to seasonal characteristics. Generally, demand for our products and aftermarket services increases during the automotive industry's spring selling season and decreases during the third quarter of each year due to the impact of scheduled OEM customer plant shutdowns in the summer for vacations and changeovers in production lines for new model years. Our customers may also suddenly increase their request for component volumes, which could cause lead time problems and lead to loss of revenue for our customers if we are unable to meet their demands. As a result our relationship with our customers may be impacted and our projects' sales may be adversely affected and result in loss of revenue and reduced margins. Any cancellation or delay in production could have an adverse effect on our sales projections and profitability.

In addition, the automotive component industry is sensitive to other factors beyond our control such as technological changes, cyclicality and unforeseen events, including political instability, recession, inflation, further volatility in fuel prices and other adverse occurrences. Any such event that results in decreased demand in the automotive industry, or increased pressure on automobile manufacturers to develop, implement and maintain in-house automotive component facilities, could have an adverse effect on our business, results of operations and financial condition.

61. ***Political, economic or other factors including but not limited to any changes in laws, rules and regulations and legal uncertainties that are beyond our control may have an adverse impact on our business, financial condition, results of operations and cash flows.***

The following external risks may have an adverse impact on our business, financial condition, results of operations and cash flows, should any of them materialize:

- increase in interest rates may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;

- the Indian economy has had sustained periods of high inflation in the recent past. High rates of inflation may increase our employee costs and decrease demand for our products and services, which may have an adverse effect on our profitability and competitive advantage, to the extent that we are unable to pass on increased employee costs by increasing cost of our products and services;

- a downgrade of India's sovereign rating by international credit rating agencies may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;

- a change in the trade policies, in terms of tariff and non-tariff barriers, in the countries from which we import raw materials and to which we export our products, may have an adverse effect on our profitability;

- a decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy as well as the valuation of the Indian Rupee, which may adversely impact our financial condition;

- political instability, resulting from a change in government or in economic and fiscal policies, may adversely affect economic conditions in India;

- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war may adversely affect the financial markets, which may impact our business, financial condition, results of operations and cash flows; and

- changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, which may adversely affect our business, financial condition, results of operations and prospects. For example, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure.

62. ***We are exposed to foreign currency exchange rate fluctuations which may have an adverse effect on our results of operations and the value of the Equity Shares, independent of our operating results.***

While our principal revenues are in the Indian Rupee, we are exposed to exchange rate fluctuations, particularly in USD, Euro, SGD and JPY owing to our import of some raw materials such as aluminium ingots and export sales. Such foreign currency risk in relation to our raw material imports and export sales may be hedged, however, there can be no assurance that our aforesaid measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against other relevant foreign currencies. Further, depreciation in the value of the Indian Rupee against such other currencies could increase the Indian Rupee cost of purchasing raw materials or equipment.

Further, on listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

63. ***Our Company has prepared financial statements under Ind AS. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP.***

Our financial statements, including the financial statements provided in this Draft Red Herring Prospectus, are prepared in accordance with Ind AS. We have not attempted to quantify the impact of IFRS and U.S. GAAP or any other system of accounting principles on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of IFRS, U.S. GAAP or any other accounting principles. IFRS and U.S. GAAP differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Risks related to the Offer and the Equity Shares

64. ***The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

The Offer Price of the Equity Shares will be determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, and through the Book Building Process. This price will be based on numerous factors, as described under "***Basis for Offer Price***" on page 105 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to resell their Equity Shares at or above the Offer Price.

65. ***QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Investors are not permitted to withdraw their Bids after Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Similarly, Retail Individual Investors can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/Offer Closing Date, but not thereafter. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their Bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations or otherwise at any stage after the submission of their Bids.

66. ***After the Offer, the Equity Shares may experience price and volume fluctuations and an active trading market for the Equity Shares may not develop, which may mean you may be unable to resell your Equity Shares at or above the Offer Price, or at all.***

The price of the Equity Shares may fluctuate after this Offer as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Automotive - Powertrain and Others, Automotive - Aluminium Products and Industrial and Engineering segments and changing perceptions in the market about investments in general and our Company in particular, adverse media reports on us or in the Automotive - Powertrain and Others, Automotive - Aluminium Products and Industrial and Engineering segments, changes in the estimates of our performance or recommendations by financial analysts, significant developments in economic liberalisation and deregulation policies and significant developments in fiscal regulations.

There has been no public market for the Equity Shares of our Company prior to this Offer and an active trading market for the Equity Shares may not develop or be sustained after this Offer. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Offer.

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 are generally taxable in India. The Finance Act, 2018, has levied taxes on such long term capital gains arising from sale of equity shares on or after April 1, 2018. However, where specified conditions are met, such long term capital gains are only taxed to the extent they exceed ₹ 100,000.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of Equity Shares.

Accordingly, you may be subject to payment of capital gains tax in India, in addition to the payment of STT, on the sale of Equity Shares held for more than 12 months. STT will be levied and collected by a domestic stock exchange on which our Equity Shares are sold.

68. ***Any future issuance of Equity Shares may dilute your shareholding, and significant sales of Equity Shares by our major Shareholders, may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major Shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising debt-financing. In addition, any perception by investors that such issuances or sales might occur may also affect the trading price of our Equity Shares.

69. ***You will not be able to sell any of the Equity Shares you purchase in the Offer on the Stock Exchanges until the Offer receives the appropriate trading approvals.***

The Equity Shares will be listed on BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Upon receipt of final approval from the Designated Stock Exchange, trading in the Equity Shares is to commence within six working days of the date of closure of the Offer. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods prescribed under law.

70. ***The requirements of being a listed company may strain our resources.***

The requirements of being a listed company may strain our resources. We are not a listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

71. ***Foreign investors are subject to foreign investment restrictions under Indian law, which may adversely affect the market price of the Equity Shares.***

Under the exchange control regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the approval of the RBI will be required for such transaction to be valid. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all.

72. ***Foreign investors may have difficulty enforcing judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. All of our Directors and officers are Indian nationals and all or a significant portion of the assets of all of the Directors and officers and a substantial portion of our assets are located in India, As a result, it may be difficult for investors to effect service of process outside India on us or on such directors or officers or to enforce judgments against them obtained from courts outside India, including judgments predicated on the civil liability provisions of foreign securities laws.

U.S. and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the U.S. on civil liability, whether or not predicated solely upon the federal securities laws of the U.S., would not be enforceable in India. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the U.S. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Further, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999, to execute such a judgment or to repatriate any amount recovered.

73. ***Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

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

Prominent Notes:

- Initial public offering of up to [●] equity shares of face value ₹ 5 each of our Company, for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million, comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 4,000.00 million by our Company and an Offer for Sale of up to 4,383,320 Equity Shares by the Selling Shareholders, aggregating up to ₹ [●] million

- Our net worth, excluding revaluation reserves as on December 31, 2017 and March 31, 2017, as per the Restated Consolidated Financial Information, is ₹ 5,322.11 million and ₹ 5,213.10 million, respectively. Our net worth as on December 31, 2017 and March 31, 2017, as per the Restated Standalone Financial Information is ₹ 5,510.01 million and ₹ 5,397.80 million, respectively. See "***Financial Statements***" on page 229.

- Our net asset value per Equity Share as on December 31, 2017 and March 31, 2017, as per the Restated Consolidated Financial Information, is ₹ 264.50 million and ₹ 259.08 million, respectively. Our net asset value per Equity Share as on December 31, 2017 and March 31, 2017, as per the Restated Standalone Financial Information is ₹ 273.84 million and ₹ 268.26 million, respectively. See "***Financial Statements***" on page 229.

- The average cost of acquisition per Equity Share by our Promoter as on date of this Draft Red Herring Prospectus is:

Name of Promoter	Average cost of acquisition per Equity Share (₹)*
Srinivasan Ravi	1.06

**As certified by our Statutory Auditors by their certificate dated June 8, 2018.*

For further information in relation to the shareholding of our Promoter, see "***Capital Structure - History of Build-up, Contribution and Lock-in of Promoter's Shareholding***" on page 87.

- For further information on transactions between our Company and our Subsidiaries, Joint Venture or Group Company during Fiscal 2017, including the nature and cumulative value of the transactions, see "***Financial Statements***" on page 229.

- Other than the change in name of our Company on account of conversion from a private to a public company, there has been no change of name of our Company since incorporation. For further information, see "***General Information***" on page 76.

- There has been no financing arrangements whereby our Promoter Group, our Directors, or any of their respective relatives, have financed the purchase by any other person of securities of our Company, other than in the ordinary course of the business of the financing entity, during the six months immediately preceding the date of this Draft Red Herring Prospectus.

- For information regarding the business or other interests of our Group Company in our Company, see "***Promoter, Promoter Group and Group Company***" and "***Financial Statements***" on pages 222 and 229, respectively.

- For further information on transactions between our Company and our Subsidiaries, Joint Venture or Group Company during Fiscal 2017, including the nature and cumulative value of the transactions, see "***Related Party Transactions***" on page 227.

- Investors may contact the BRLMs or the Registrar to the Offer, for any complaints pertaining to the Offer. For further information regarding grievances in relation to the Offer, see "***General Information***" on page 76.

- All grievances, in relation to Bids through the ASBA process, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, giving full details such name of the sole or First Bidder, ASBA Form number, Bidder's DP ID, Client ID, PAN, number of Equity Shares applied for, date of submission of ASBA Form, address of Bidder, ASBA Account number in which the amount equivalent to the Bid Amount was blocked, date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. Further, all grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

*The information in this section should be read in conjunction with the sections "**Risk Factors**", "**Industry Overview**", "**Business**", "**Financial Statements**" and "**Management Discussion and Analysis of Financial Condition and Results of Operations**" on pages 17, 114, 173, 229 and 422, respectively.*

*The information set out below has been disclaimed by CRISIL Research, a division of CRISIL Limited. For a copy of the disclaimer provided by CRISIL Research, a division of CRISIL Limited, see "**Industry Overview**" on page 114.*

Global economy

The International Monetary Fund's (IMF) in April 2018 update of the World Economic Outlook underlines the broad transnational revival in global growth and expects the expansion to continue with global growth estimated to be 3.9% in 2018 and 2019, up from 3.8% in 2017. However, the IMF flagged several downside risks to its forecast. These include protectionist sentiments – waning popular support for global economic integration and inward-looking policies – that harm international trade, geopolitical tensions, and sharp tightening of global financial conditions.

Indian Economy

Consumption and investment are the major drivers of any economy. In recent years, India has grown primarily on the engine of consumption. The other engine – of investment – has been decelerating. GDP (at constant fiscal 2012 prices) grew at 7.1% compound annual growth rate (CAGR) between fiscals 2013 and 2018. It slowed between fiscals 2013 and 2014, mainly because of sluggish income growth, high interest rates, and persistently rising inflation. Slowdown in industrial output too, was a factor. Post fiscal 2014, improving industrial activity, lower crude oil prices, and supportive policies led to a recovery. However, demonetisation and rollout of the Goods and Services Tax (GST) put the brakes on GDP growth in fiscal 2017, on the top of dwindling private investment and slower global growth.

Market size of the Indian automobile sector

The two wheelers segment dominates the Indian auto industry (~80% by volumes) and primarily dictates its tone. A robust 8% CAGR (during FY13-FY18 period) in total two wheeler sales accelerated auto industry growth, along with a 4% growth in the passenger vehicles segment. On the other hand, a ~2% growth in commercial vehicles sales and subdued growth in tractors by 6% added to the pressure.

Automobile segments (domestic sales volumes)

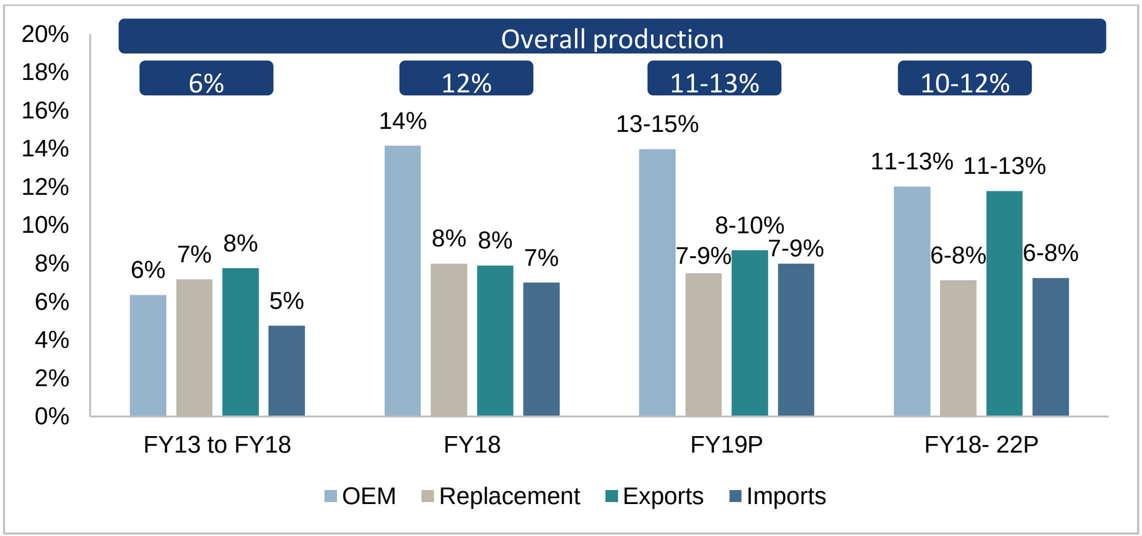
Automobile segments	Sales volume, FY18 (million units)	CAGR % FY13-18	Sales volume, FY22P (million units)	CAGR % FY18-FY22P
Commercial vehicles	0.9	1.5%	1.1	6-8%
Passenger vehicles	3.3	4.3%	4.4	7-9%
Two wheelers	20.2	7.9%	26.7	6-8%
Tractors	0.71	6.2%	0.97	7-9%
Off-highway vehicles*	0.08	12.7%	-	-

*** calendar year sales numbers**
Source: Society of Indian Automobile Manufacturers, CRISIL Research

Automotive components industry in India

Indian autocomponent industry production grew by 6% CAGR over fiscal 2013 to 2018 led by growth in exports demand. The domestic production is expected to grow at 10-12% over fiscal 2018 to 2022 period driven by robust demand from domestic OEMs as well as exports.

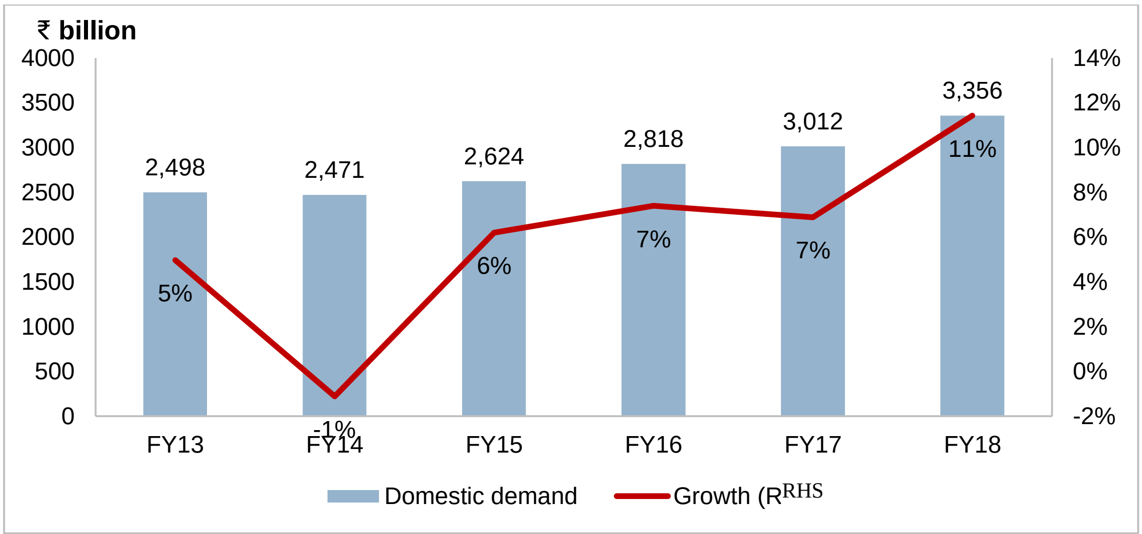
Growth trajectory of auto component sector



P: Projected
Source: CRISIL Research

Domestic market

Automotive component demand trajectory



Source: CRISIL Research

Domestic demand is primarily from OEMs and the replacement market. Due to an economic downturn in 2013-14, the auto component industry saw the sharpest decline.

In 2017-18, domestic auto-component production is estimated to have grown 12% year-on-year, on the back of a robust 14% year-on-year rise of OEMs and 9% year-on-year increase in exports.

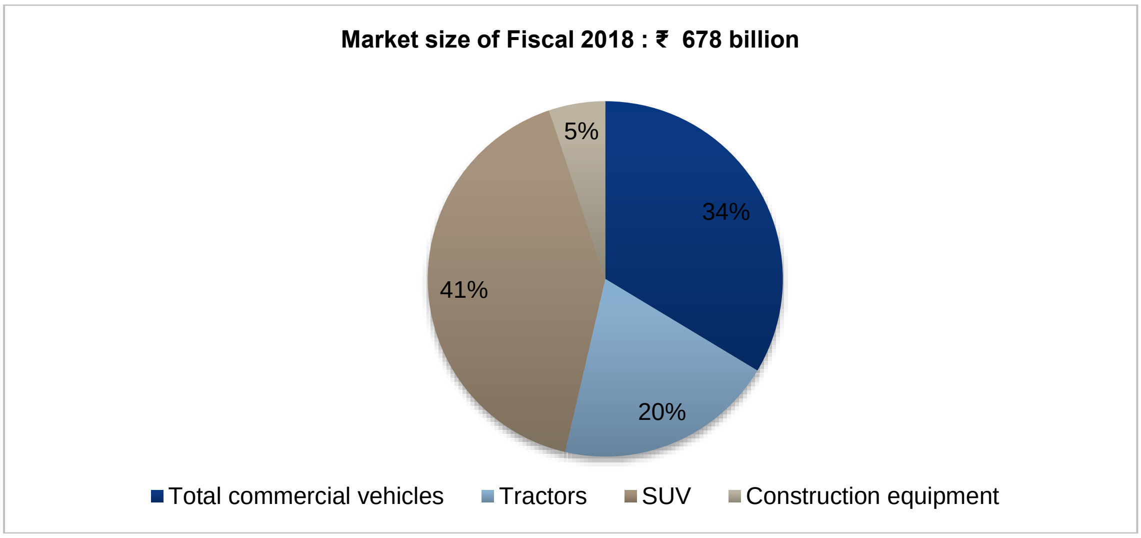
In 2018-19, CRISIL Research projects domestic auto-component production to grow 11-13% on-year, aided by 13-15% year-on-year growth in the OEM segment, with demand from both replacement and exports growing at 7-9% year-on-year.

Over the long term, i.e. between 2017-18 and 2021-22, we expect domestic auto component production to grow at 10-12% CAGR to ~₹ 4,678 billion, with OEM and exports growing at 11-13% CAGR.

Review and outlook of India's powertrain market pertaining to commercial vehicles, off-road vehicles (construction equipment), SUVs and Tractor segment

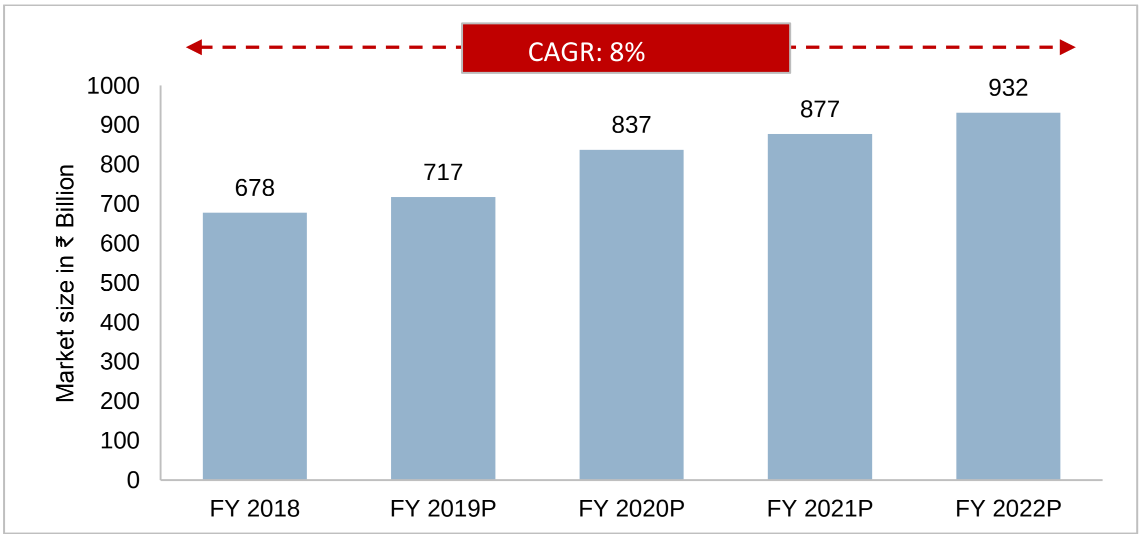
In automobiles, the powertrain comprises all the components required to generate power and transmit it to the wheels. It can be broadly classified into four components – engine & engine parts, transmission, driveshaft and rear axle. The engine burns fuel to produce mechanical power. It comprises several critical components, including crankshaft, pistons, cylinder block, cylinder head, camshaft, engine valves Transmission is commonly known as the gearbox, which transmits power to the wheels through the drive shaft and rear axle. Auto-component companies are engaged in casting, forging and machining of engine parts, transmission parts housing, drive shaft, and rear axle housing, etc.

Powertrain market size split by vehicle segments



Source: CRISIL Research

Powertrain market outlook (FY18-22)



P: Projected
Source: CRISIL Research

The power train market is expected to clock 7-9% CAGR during 2018-2022 period. Commercial vehicle powertrain will grow by 10% in value terms as a result of 8% growth in volumes. SUV's will witness a faster growth compared to commercial vehicle is expected to grow by 13%. Growth will also be supported by tractors and off-road vehicles. Also, Global OEMs are promoting localisation in India because of its cost effectiveness, thereby benefitting component manufacturers.

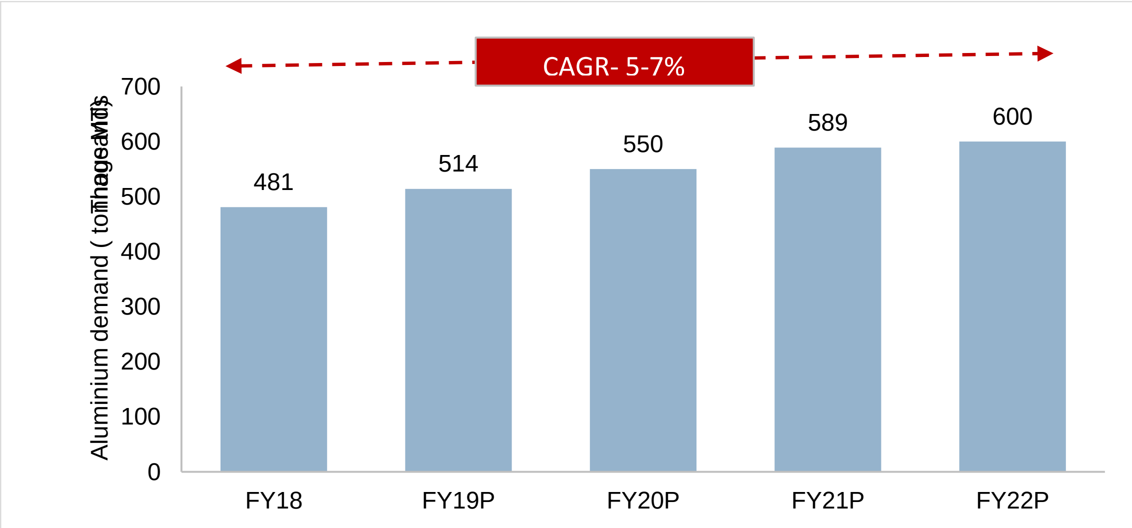
Craftsman is the largest player in machining of cylinder heads in M&HCV segment.

Review of aluminium castings market in India

40% of the metal casting in the automobile industry is using aluminium with majority of cast components made for the two wheeler and passenger vehicle segment. Some of the casting components used in the vehicles are cylinder blocks and cylinder heads, transmission housing, pistons, crank covers, clutch parts, axles, chassis parts, gear box and wheel parts. Demand for aluminium castings which are used as a part of alloy wheels have picked up due to increase in penetration of alloy wheels in two wheelers and passenger vehicles. The aluminim casting industry is ₹144 billion in FY 2018. Two wheelers accounted for 70% of aluminium die casting market, followed by passenger vehicle with 25% share and commercial vehicle with 4% share in value terms. Demand for aluminium die casted product stood at 0.48 million MT in FY 2018.

Outlook on aluminium castings market in India

Aluminium die casting market outlook in volume, FY 2018 to FY 2022 (million MT)

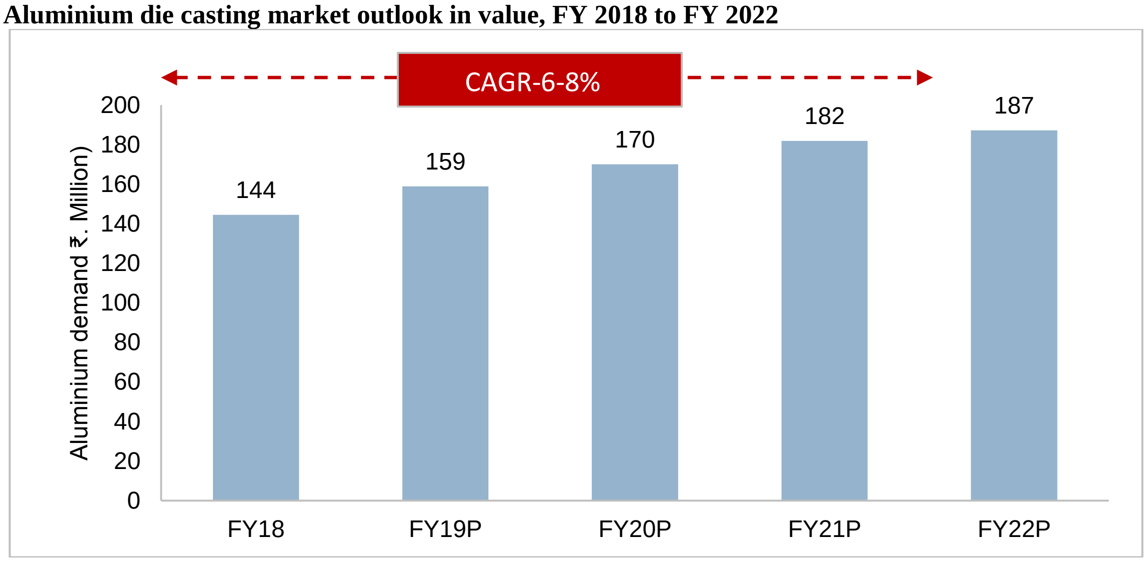


P: Projected
Source: CRISIL Research

Automotive aluminium castings sales volume (in tonnage terms) is projected to grow 5-7% to reach 0.58-0.64 million MT by FY 2022.

Automotive aluminium castings market is expected to grow at 6-8% CAGR during FY 2018 to FY 2022 period in value terms to reach ₹ 187 billion by FY 2022

Aluminium die casting market outlook in value, FY 2018 to FY 2022



P: Projected
Source: CRISIL Research

Review and outlook on aluminium casting used in power transmission business in India

Demand for industrial castings from the power transmission sector is driven by investments of the Central and state government transmission companies and, to a smaller extent, from the private sector for the medium-voltage segment. In the power-transmission segment, switchgears are expected to account for the major share of casting demand.

Demand for industrial castings used in power transmission grew by 5% CAGR over fiscal 2013 to fiscal 2018 reaching ₹ 15.1 billion in value in fiscal 2018. Demand for industrial castings is expected to grow by 8% CAGR over fiscal 2018 to 2022 to reach ₹ 20-21 billion in fiscal 2022.

CRISIL Research forecasts demand opportunity for the industrial castings segment to be ₹ 73.5 billion from the power transmission segment growing at a CAGR of 5-6%.

Review and outlook on specific railway products

Diesel engine components

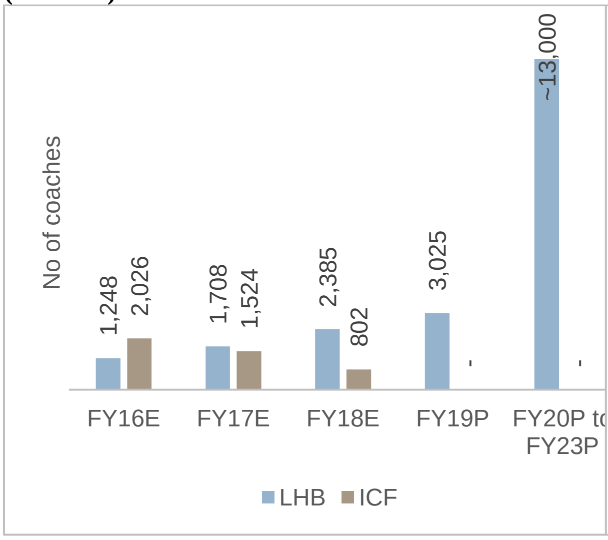
The Indian Railways has started to increasingly shift focus towards electric traction. However, key positives for diesel engine component market will be orders from non-railway customers, opportunity in locomotive exports, focus on indigenisation of components, and replacement demand from existing locomotives. These demand avenues will limit the extent of decline in diesel locomotives as well as diesel locomotive components. Accordingly, the fall in diesel engine component market will be less than the market for diesel engines.

Opportunity for exports of diesel engine locomotives as well as locomotive parts is expected to be significant, as diesel engines lead in terms of overall trade globally. As per 2016 UN trade statistics, global diesel engine[1] export amounted to a trade value of ~$1.05 billion, while electric engine[2] exports valued at $0.85 billion. Key exporters were the US, Mexico and Spain, while key importers were Mexico, Saudi Arabia and Algeria.

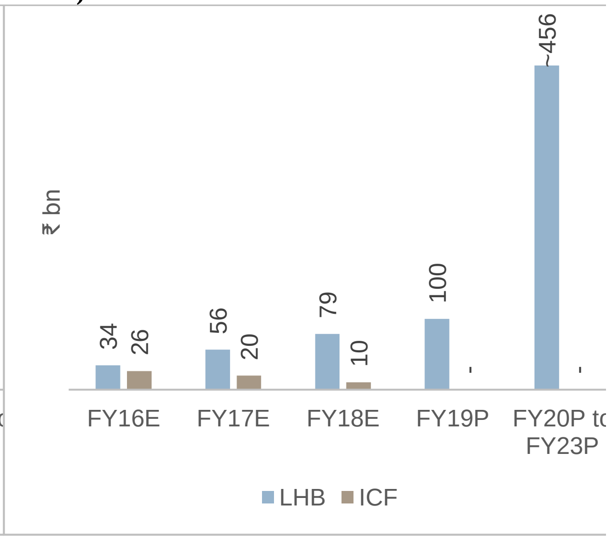
Passenger coaches

As of end-fiscal 2017, the Indian Railways had ~53,500[3] conventional coaches (excluding self-propelled coaches, rail cars and other coaching vehicles), while total coaching stock of ~70,000 is in service with Indian Railways. About 90% of the overall coaches are manufactured in-house by the Indian Railways.

Projected production of LHB and ICF coaches (Number)



Projected investment of LHB and ICF coaches (₹ billion)



Source: MoR, CRISIL Research

Metro rail coaches

1 For HS Code 860210
2 For HS Code 860110
3 Source: Statistical Summary, Indian Railways FY17

Overview

Metros are the most preferred form of urban transport system for urban infrastructure planners. Of late, government agencies in India have shown keen interest in this previously less-tapped mode of mass transport. Multiple projects have been announced in the past 3-4 years and some projects have shown rapid progress.

As per the Ministry of Housing and Urban Affairs (MoHUA), as of fiscal 2017, 1,912 metro coaches were operational in the country, while 1,420 coaches are under procurement. MoHUA also states that currently nine metro projects are operational in eight cities in the country.

Review and outlook on material handling equipment's like Cranes and Hoists in India

The industrial cranes market in India is ₹ 23-26 billion as of fiscal 2018. The market for heavy duty/specialised cranes, though, is limited, as requirements are largely tender-driven and rental players refrain from foraying into this segment owing to transportation issues. Hoists and ready crane kits together account for ₹ 5-6 billion (i.e. ~25% in value terms) - hoists comprise ₹ 2.5-3.0 billion, while ready crane kits comprise the remainder.

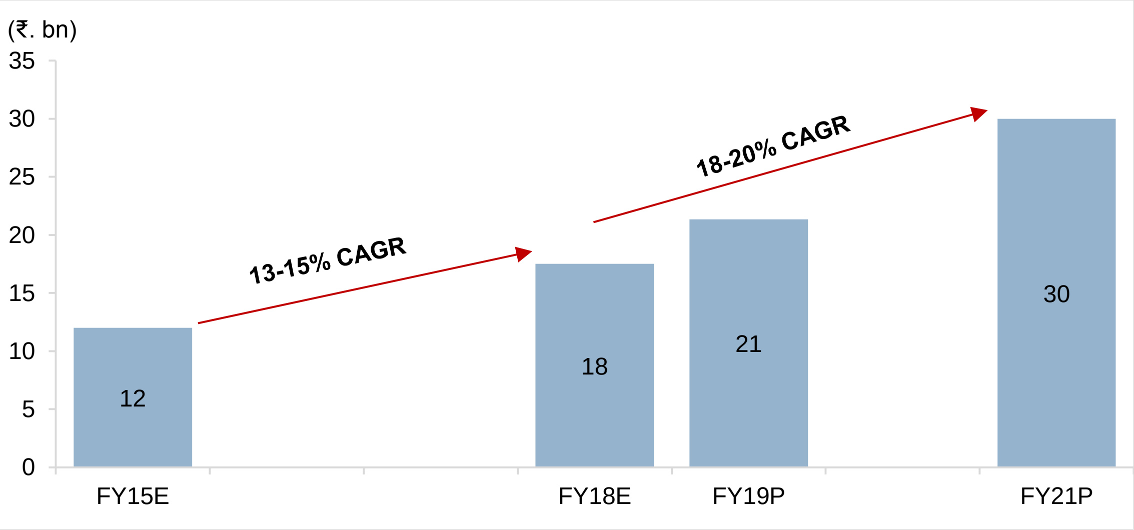
Among hoists, chain hoists account for ₹ ~1 billion (~1/3rd in value terms), while rope hoists account for ₹ ~2 billion (~2/3rd in value terms). In terms of units, chain hoists account for 10,000-20,000 units annually, while rope hoists 3,000-8,000 units per annum. Unit-wise requirement of chain hoists is higher as they have a lower replacement cycle (5-7 years), compared to rope hoists (and ready crane kits), which are typically replaced after 7-10 years.

Industrial crane market is expected to grow 5-7% CAGR (value as well as volume terms) during fiscal 2018 to 2023. Increasing automation in industries as well logistics will also be a booster.

Review and outlook on storage solutions largely focusing on racks, shelves and pallets used in the warehousing industry

The market sizing of storage solutions industry, comprising pallets, racking and shelving is estimated at ₹ 18 billion as of fiscal 2018. The industry has grown at 13-15% compound annual growth rate (CAGR) over fiscals 2015 to 2018. CRISIL Research forecasts the industry to grow at 18-20% CAGR over the next three years to ₹ 30 billion in fiscal 2021 from 18 billion in fiscal 2018 primarily on account of incremental ambient warehouse addition and rise in share of organised warehousing players due to GST implementation. In addition to ambient warehousing industry, the growth in storage solutions is led by end-user industries[4] such as e-commerce, organised retailing, consumer durables, auto components, pharmaceuticals, etc. as well as cold storage industries.

Market size and outlook of storage solutions industry in India



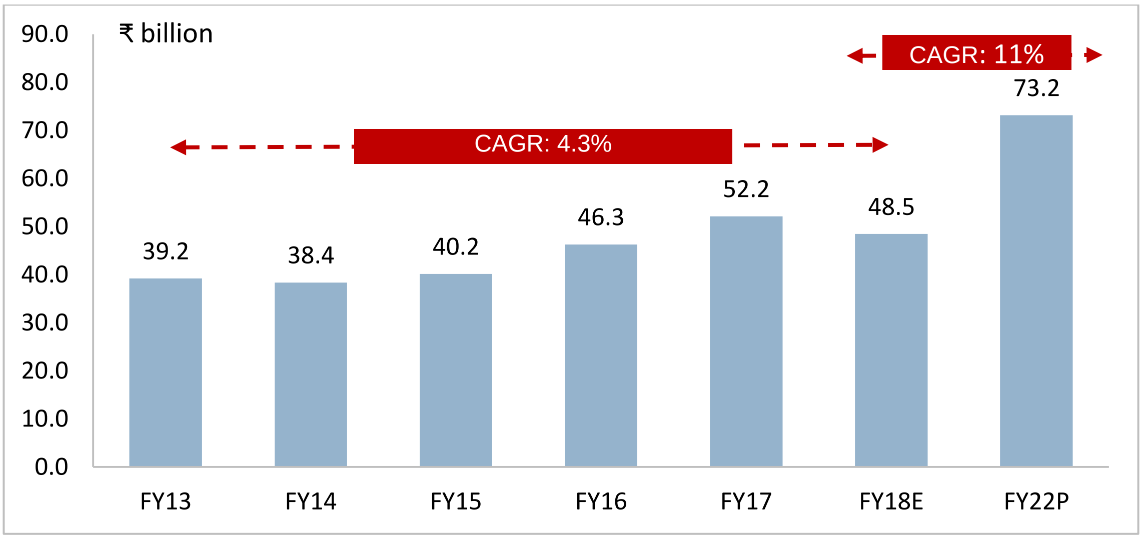
Source: Industry, CRISIL Research

Review and outlook on the gear and gear box market in India in the non-automotive industry

[4] End-user industries typically include warehouses held for captive purposes.

CRISIL Research estimates the domestic market for industrial gears and gearboxes to have grown at a compounded annual growth rate (CAGR) of 4-5% to ₹ 46-51 billion between fiscals 2013 and 2018. CRISIL Research forecasts the domestic industrial gear and gearboxes market to grow at 10-12% CAGR over fiscals 2017 to 2022 to ₹ 70-77 billion in fiscal 2022.

Review and outlook on domestic gears and gearboxes (₹ billion)



Note: Includes gear boxes, geared motors, loose gears, and other components such as gear box housing, etc.
Source: CRISIL Research, Industry

Review and outlook on Special Purpose Machine market in India

Special purpose machines (SPMs) are customised machines deployed to automate industrial processes to ensure high productivity. Based on their usage, these are classified as general purpose machines and SPMs. Usage of SPMs reduces chances of human error and decreases human fatigue in carrying out repetitive operations. It assures consistent quality and interchangeability of parts by carrying out the same designed process each and every time without any shortcuts.

Major growth drivers for SPMs

- Auto Fuel Policy 2025 envisaged the Bharat Stage-IV (BS-IV) rollout for the entire country by 2017, BS-V by 2021, and BS-VI by 2024. Change in emission norms will necessitate a change in production processes as well as component requirements. This will likely result in demand for SPMs to suit the new production process. CRISIL Research expects higher demand in fiscal 2019 as the auto industry adapts to the new norms.

- Investments in railways Sector CRISIL Research expects the investments in the sector to increase by about 77% from Rs 3.9 trillion in fiscals 2015-2018 to Rs 6.8 trillion in fiscals 2019-2022.

- India is the sixth biggest defence spender globally and also one of the largest importers of conventional defence equipment. 60% of defence related requirements are currently met through imports, 'Make in India' initiative by the government focuses on increasing indigenous defence manufacturing and becoming self-reliant.

Review and outlook on tool room and mould base market in India

A tool room facility/machine shop is a servicing industry to cater the tooling needs – such as mould base, jigs, fixtures, press tools, die sets, forming tools and moulds – of the manufacturing sector's industrial units, as per their products.

The tool room industry is estimated to have grown at a compound annual growth rate (CAGR) of 3-4% between fiscals 2013 and 2018, as demand from the automobile industry slowed during fiscals 2013 and 2014. The share of captive tool rooms is estimated to have increased from 27% in fiscal 2013 to 33% in fiscal 2017, with a gradual improvement in demand. The share of commercial tool rooms has remained around 47-49% over the same period. However, imports have declined from 25% in fiscal 2013 to 18% in fiscal 2017.

The tooling industry's market size is estimated to have grown 8% from ₹ 146 billion in fiscal 2017 to ₹ 158 billion in fiscal 2018, driven by growth from the automobile and plastic processing industry. Increasing usage of plastic by the automobiles, consumer durables and electronics sectors, along with growth in consumer-durable demand after the Goods and Services Tax (GST), has aided further growth. Imports are expected to account for 20% of demand, and are mainly low-cost plastic moulds from countries such as China and Taiwan.

SUMMARY OF BUSINESS

*The following information should be read together with the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in the sections titled "**Risk Factors**", "**Industry Overview**", "**Financial Statements**", and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 17, 114, 229 and 422 respectively.*

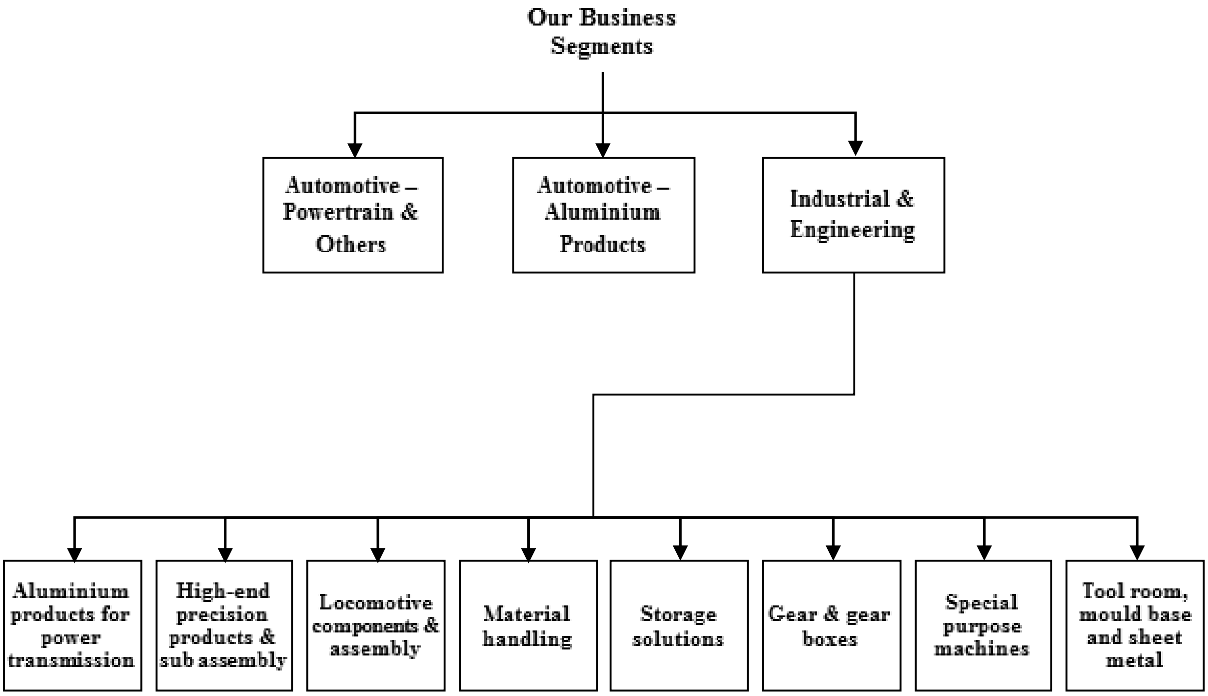
Overview

We are a diversified engineering company with vertically integrated manufacturing capabilities, engaged in three business segments, namely powertrain and other products for the automotive segment ("**Automotive - Powertrain and Others**"), aluminium products for the automotive segment ("**Automotive – Aluminium Products**"), and industrial and engineering products segment ("**Industrial and Engineering**").

We commenced our operations in 1986 in Coimbatore, in the State of Tamil Nadu, India, founded by our Promoter, Chairman and Managing Director, Srinivasan Ravi, a mechanical engineer and a first-generation entrepreneur with over 32 years of relevant industry experience.

Our manufacturing facilities include aluminium foundries, pressure die casting facilities, machining and allied facilities, heat treatment, fabrication, and assembly facilities. Our strong in-house engineering and design capabilities help us offer comprehensive solutions and products to our long standing marquee domestic and international customers in the segments in which we operate. We are the largest player involved in the machining of cylinder blocks and cylinder heads in the medium and heavy commercial vehicles category and are amongst the top three players in machining for the tractor segment. *(Source: CRISIL Report)*

Our business segments as set out below:



To provide comprehensive solutions across our business segments, we have undertaken forward and backward integration enhancing our in-house manufacturing capabilities. These capabilities have evolved over a period of time to become standalone business segments catering to our customers, in addition to meeting our internal requirements.

Our core competence in machining and assembly of industrial and engineering products has helped us to establish ourselves as a significant player in the Automotive - Powertrain and Others segment. We have leveraged our long presence in developing aluminium products for precision components to establish and grow the Automotive - Aluminium Products segment.

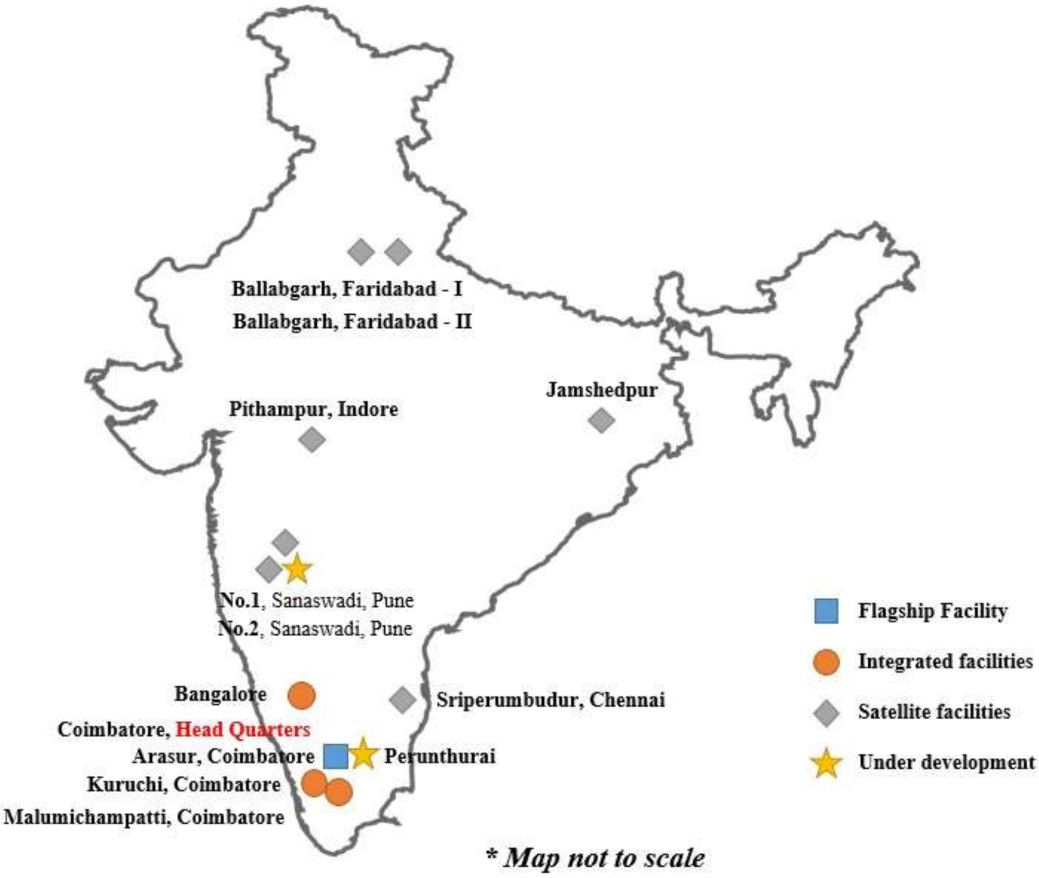
Within the Industrial and Engineering segment, we have utilized our in-house engineering and design capabilities and developed a diverse product portfolio including material handling equipment such as hoists, crane kits, industrial gears, gear boxes, locomotive components, other railway products, storage solutions, marine engines and accessories, tool room, mould base products and Special Purpose Machines ("**SPM**"), which includes metal cutting and non-metal applications such as washing and leak testing solutions.

We have long term relationships with several marquee domestic and global original equipment manufacturers ("**OEMs**") and component manufacturers across our three business segments. Our key customers include Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Royal Enfield, Mitsubishi Heavy Industries, Siemens India, Escorts, Ashok Leyland, Simpson & Company, VE Commercial Vehicles, TAFE Motors and Tractors, Perkins India, John Deere and JCB India. We are considered as a strategic and preferred supplier by many of our OEM customers and are also the single source supplier in certain product categories, for some of our key customers. Most of our business comprises of direct supply to our OEM customers, under long term agreements, which are renewed from time to time.

We own and operate 11 strategically located manufacturing facilities across seven cities in India, with a total built up area of over 1.5 million sq. ft. Our facilities are equipped with advanced machinery, including imported state-of-the-art computer numerical control ("**CNC**") machine tools and die casting machines and certain of our facilities are located close to our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for each of our customers, and to insulate them from local supply or other disruptions. Three of our facilities, forming our flagship integrated facility, are located in the outskirts of Coimbatore in the State of Tamil Nadu. We also have an integrated facility for aluminium pressure die casting, machining and SPM manufacturing at Bengaluru in the State of Karnataka. Our other manufacturing facilities are satellite facilities located across automotive and engineering hubs in India and close to our key customers, including two manufacturing facilities located at Pune in the State of Maharashtra, two manufacturing facilities located at Ballabgarh near Faridabad in the State of Haryana, and one manufacturing facility each located at Sriperumbudur, near Chennai in the State of Tamil Nadu, Jamshedpur in the State of Jharkhand, and Pithampur near Indore in the State of Madhya Pradesh.

We are currently developing two additional manufacturing facilities at Perundurai in the State of Tamil Nadu and Pune in the State of Maharashtra. At Perundurai we have been allotted land, where we have approval to set up a facility to manufacture automotive components, while at Pune we have entered into a letter of intent with an industrial estate company for development and leasing of factory space to set up a facility to manufacture storage solution products and have placed orders to import roll forming machinery from an Italian company for this facility.

Apart from allowing us to optimise delivery to our customers, the proximity of our facilities to our key customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. We believe that our proximity to our key customers has played a strong role in building and strengthening our relationship with our key customers over time.



Further, we have two wholly-owned overseas subsidiaries, namely, Craftsman Marine B.V. and Craftsman Automation Singapore Pte Limited. Craftsman Marine B.V. was set up in 2008 in Netherlands, through which we are engaged in marketing, sales and servicing of marine engines, engineering products and accessories for propulsion, manoeuvring and steering parts, storage, electronic instruments, deck equipment and spare parts for all the engines and other equipment used in yachts. These products are manufactured and assembled by us in India and sold under the name "Craftsman Marine" by our subsidiary. Craftsman Automation Singapore Pte Limited, also set up in 2008 in Singapore, which is our strategic sourcing centre for overseas procurement, primarily for procurement of aluminium ingots, which is one of our key raw material.

We also have a joint venture in India, Carl Stahl Craftsman Enterprises Private Limited, which is engaged in marketing, installation, commissioning and rendering after-sales services of material handling equipment, such as chain hoists, rope hoists and cranes kits, manufactured by us under the name "Carl Stahl Craftsman".

We have a qualified management team with substantial experience, including Chandramohan Natarajan, our Whole-time Director – Business Development Industrial and Engineering, who heads our business development initiatives in the Industrial and Engineering segment, Ravi Gauthamram, our Whole-time Director – Industrial and Engineering products, who is engaged in building our product strategy in the Industrial and Engineering segment, Sivakumar Gopalan, our Chief Financial Officer ("**CFO**") and Thiyagaraj Damodharaswamy, our Chief Operating Officer – Automotive ("**COO - Automotive**").

Our management team is supported by a large workforce of 1,331 qualified and skilled permanent workmen, 1,859 apprentices/trainees, and 1,541 contract workmen, as on March 31, 2018.

We have received funding from reputed global investors, International Finance Corporation ("**IFC**") in 2010 and 2012, and Standard Chartered Private Equity (Mauritius) II Limited ("**SCPE**") in 2012 (which transferred its stake to its Affiliate, Marina III Singapore Pte Limited ("**Marina**") in 2017). IFC and Marina presently hold 14.06% and 15.50% shareholding, respectively, in our Company.

We have been consistently recognized by customers for the high-quality of the products supplied by us. Our awards and accolades include the "Siemens – Appreciation for best overall performance" award in Fiscal 2018, "Ashok Leyland – Recognition for Outstanding Business Alignment for Defence Business" award in Fiscal 2018, "1st Prize for Mould Base category" by Godrej for Fiscal 2017, "Suppliers Business Capacity Building Award" by Mahindra & Mahindra in Fiscal 2017, "India Direct Supplier of the Year Award" by Cummins Inc. for Fiscal 2017 and "Supply Chain Transformation Award" by Cummins Inc. for Fiscal 2016. We were awarded the "Category Partner" status by Cummins Inc. in Fiscal 2017, recognized by GE Energy Connections for our outstanding support as strategic supplier partner in Fiscal 2017 and by Royal Enfield for our long standing association in Fiscal 2016. We have been recognized by Caterpillar for our excellent process control, desire for ongoing continuous improvement and supply of quality products. Our excellence in quality has also been recognised by GE Transportation, Mahindra & Mahindra, HV Transmissions Limited, a Tata enterprise, and JCB India for products supplied to them.

We are certified for international quality management systems ISO 9001:2008, ISO/TS 16949:2009, and SO 14001 2004 by TUV Nord, and have implemented environmental management system ISO 14001:2004.

The following table sets our revenue and percentage of growth in revenue compared to the previous Fiscals on a restated consolidated basis, for our three business segments, for the periods indicated:

Segments	**Nine months ended December 31, 2017**	**Fiscal 2017**		**Fiscal 2016**		**Fiscal 2015**		**CAGR over Fiscals 2015 to 2017**
	Total revenue (*in ₹ million*)	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**(in %)**
Automotive – Powertrain and Others	6,074.82	7,195.85	24.09	5,799.04	(0.14)	5,807.09	20.73	11.32
Automotive – Aluminium Products	1,705.88	1,307.74	68.4	776.56	194.32	263.85	202.75	122.63
Industrial and Engineering	3,029.40	3,597.69	9.91	3,273.28	25.07	2,617.23	28.27	17.24
Total	**10,810.10**	**12,101.28**	**22.87**	**9,848.88**	**13.36**	**8,688.17**	**26.08**	**18.02**

The following table sets the percentage contribution by our three business segments to our revenue, for the periods indicated:

(in %)

Segments	**Nine months ended December 31, 2017**	**Fiscal 2017**	**Fiscal 2016**	**Fiscal 2015**
Automotive – Powertrain and Others	56.2	59.46	58.88	66.84
Automotive – Aluminium Products	15.78	10.81	7.88	3.04
Industrial and Engineering	28.02	29.73	33.24	30.12
Total	**100**	**100**	**100**	**100**

The following table sets forth a breakdown of segment-wise profitability for our three business segments, and our earnings before interest and taxes ("**EBIT**") for the time periods indicated:

(in ₹ million)

Segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Automotive – Powertrain and Others	967.12	1,027.82	1,046.71	1,216.45
Automotive – Aluminium Products	49.09	174.70	98.74	34.82
Industrial and Engineering	217.46	449.01	369.72	27.86
Total	**1,233.67**	**1,651.53**	**1,515.17**	**1,279.13**
Less: Un-allocable expenditure	(351.96)	(514.11)	(281.35)	(313.87)
Add: Other Income	60.57	114.06	118.33	(7.91)
Earnings Before Interest & Taxes	**942.28**	**1,251.48**	**1,352.15**	**957.35**

Our overall earnings before interest, taxes, depreciation and amortization ("**EBITDA**") increased at a CAGR of 11.93% on a restated consolidated basis, from ₹ 1,908.44 million in Fiscal 2015 to ₹ 2,391.03 million in Fiscal 2017.

The following table sets our capital expenditure for our three business segments for the periods indicated:

(in ₹ million)

Segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Automotive – Powertrain and Others	274.10	1036.71	247.69	457.96
Automotive – Aluminium Products	245.99	1250.69	275.99	630.52
Industrial and Engineering	92.95	532.03	296.41	312.00
Total	**613.04**	**2819.43**	**820.10**	**1400.48**

Our loan facilities are rated by CRISIL as BBB +/Stable for long term loans and A2 for short term loans, while CARE has assigned BBB/Positive outlook for long term loans and A3+ for short term loans.

Strengths

Following are our primary strengths:

1. Diversified engineering company with vertically integrated manufacturing capabilities and a focus on providing comprehensive solutions and manufacturing high quality, intricate and critical products, components and parts.

2. Strong in-house process and product design capabilities.

3. Long term and well established relationships with marquee domestic and global OEMs.

4. Extensive manufacturing footprint, with strategically located manufacturing facilities having the ability to interchange capacity and product mix.

5. Experienced management team supported by motivated and skilled work force.

6. Robust financial performance.

Strategies

Following are our strategies:

1. Leverage vertically integrated manufacturing and engineering capabilities, to tap the growing opportunities for aluminium usage in the Automotive – Aluminium Products and Industrial and Engineering segments.

2. Increase our wallet share and acquire new business by leveraging existing OEM relationships and adding new customers.

3. Explore opportunities to grow our business through import substitution, particularly in the Industrial and Engineering segment, with focus on locomotive components and assembly, and aluminium products for power transmission.

4. Pursue emerging opportunities, including storage solutions and material handling.

5. Explore strategic alliances, partnerships, growth of our joint ventures, inorganic growth through strategic acquisitions and other initiatives.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the Restated Financial Information. The Restated Financial Information has been prepared, based on financial statements as at and for the nine months period ended December 31, 2017 and the Fiscals 2017, 2016, 2015, 2014 and 2013. The Restated Financial Information have been prepared in accordance with Ind AS and the Companies Act 2013, restated in accordance with the SEBI ICDR Regulations and are presented in the section "***Financial Statements***" on page 229.

The summary financial information presented below should be read in conjunction with the Restated Financial Information, the notes and annexures thereto and the sections "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 229 and 422, respectively.

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Craftsman Automation Limited
Restated consolidated summary statement of assets and liabilities

(Rupees in Millions)

Particulars	**As at December 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016 (Proforma)**	**As at March 31, 2015 (Proforma)**	**As at March 31, 2014 (Proforma)**	**As at March 31, 2013 (Proforma)**
ASSETS						
Non-current assets						
Property, Plant and Equipment	12,098.02	12,160.37	9,852.02	9,292.36	8,582.52	7,908.47
Capital Work in progress	132.69	111.55	400.32	542.38	126.59	115.54
Other Intangible assets	118.07	116.31	60.77	52.84	62.20	27.30
Financial assets						
Investment accounted for using equity method	13.42	11.43	9.20	8.62	8.40	7.87
Other investments	26.40	14.86	14.88	14.61	13.40	13.33
Loans	68.44	45.39	45.19	43.74	47.97	43.74
Security Deposits	79.50	42.25	14.11	-	14.26	15.90
Current tax assets (Net)	292.36	192.19	161.74	270.74	336.05	106.80
Other non-current assets	12,828.90	12,694.35	10,558.23	10,225.29	9,191.39	8,238.95
Current assets	2,857.25	2,259.97	1,819.39	1,478.98	1,267.55	1,192.47
Inventories						
Financial assets	1,901.95	1,741.11	1,348.10	1,254.35	1,318.31	951.01
Trade receivables	546.04	397.44	165.10	166.90	70.01	117.20
Cash and cash equivalents	101.56	92.48	73.08	61.19	128.38	134.53
Security Deposits	694.27	961.59	736.62	586.94	601.31	498.35
Other Current assets	6,101.07	5,452.59	4,142.29	3,548.36	3,385.56	2,893.56
Total Assets	**18,929.97**	**18,146.94**	**14,700.52**	**13,773.65**	**12,576.95**	**11,132.51**
EQUITY AND LIABILITIES						
EQUITY						
Equity Share capital	100.61	57.49	57.49	57.49	57.49	57.49
Other Equity	5,775.73	5,709.84	5,281.53	4,865.41	4,524.67	4,305.79
	5,876.34	5,767.33	5,339.02	4,922.90	4,582.16	4,363.28
LIABILITIES						
Non-current liabilities						
Financial liabilities						
Borrowings	4,452.65	4,341.08	3,159.06	3,039.16	2,766.10	2,631.77
Other Non-Current Financial Liabilities	14.45	10.21	27.92	61.06	64.26	74.60
Provisions	-	1.99	1.78	1.90	1.54	1.45
Deferred tax liabilities (Net)	225.69	283.81	464.42	474.17	485.91	409.55
	4,692.79	4,637.09	3,653.18	3,576.29	3,317.81	3,117.37

(Rupees in Millions)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016 (Proforma)	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)	As at March 31, 2013 (Proforma)
Current liabilities						
Financial Liabilities						
Borrowings	2,627.70	2,235.42	2,054.82	1,586.38	1,668.98	1,625.68
Trade payables	3,448.91	2,978.24	2,027.85	1,755.33	1,412.95	906.11
Other current Financial Liabilities	1,960.19	2,111.10	1,373.79	1,334.51	1,263.87	824.28
Other current liabilities	279.64	400.66	233.77	551.38	316.58	281.23
Current tax labilities (Net)	-	-	-	13.54	-	-
Provisions	44.40	17.10	18.09	33.32	14.60	14.56
	8,360.84	7,742.52	5,708.32	5,274.46	4,676.98	3,651.86
Total Equity and Liabilities	**18,929.97**	**18,146.94**	**14,700.52**	**13,773.65**	**12,576.95**	**11,132.51**

Craftsman Automation Limited
Restated consolidated summary statement of profit and loss

(Rupees in Millions)

Particulars	**Period ended**	**Year ended**				
	Dec 31 2017	**Mar 31, 2017**	**March 31, 2016 (Profoma)**	**March 31, 2015 (Profoma)**	**March 31, 2014 (Profoma)**	**March 31, 2013 (Profoma)**
INCOME						
Revenue From Operations	10,810.10	12,101.28	9,848.88	8,688.17	6,937.40	6,745.01
Other Income	58.58	111.82	117.75	(8.13)	70.44	(43.17)
Total Income	**10,868.68**	**12,213.10**	**9,966.63**	**8,680.04**	**7,007.84**	**6,701.84**
EXPENSES						
Cost of materials consumed	4,192.75	4,062.56	2,983.82	2,075.76	1,538.28	1,357.45
Changes in inventories of finished goods and work-in-progress	(166.50)	(219.22)	(164.27)	16.11	(42.98)	(35.16)
Excise duty on sale of goods	324.44	1,082.54	898.00	687.10	777.50	708.79
Employee benefits expense	1,479.77	1,479.44	1,228.47	1,059.44	826.81	824.22
Depreciation and amortization expense	1,002.62	1,139.55	1,019.84	951.09	810.40	683.46
Other expenses	3,095.31	3,418.99	2,649.20	2,933.41	2,173.19	2,138.60
Finance costs	770.94	896.58	798.07	643.69	504.91	485.82
Total expenses	**10,699.33**	**11,860.44**	**9,413.13**	**8,366.60**	**6,588.11**	**6,163.18**
Profit before share of profit from joint venture & tax	**169.35**	**352.66**	**553.50**	**313.44**	**419.73**	**538.66**
Share of profit from Joint Venture	1.99	2.24	0.58	0.22	0.52	0.42
Profit before tax	**171.34**	**354.90**	**554.08**	**313.66**	**420.25**	**539.08**
Tax expense:						
(1) Current tax	52.94	96.24	120.41	107.86	110.95	119.70
Less:MAT Credit Entitlement	52.94	96.04	83.43	107.86	74.77	58.12
Net Current Tax	-	0.20	36.98	-	36.18	61.58
(2) Deferred tax	20.03	(71.17)	71.07	105.64	150.25	94.71
Total tax	**20.03**	**(70.97)**	**108.05**	**105.64**	**186.43**	**156.29**
Profit for the year	**151.31**	**425.87**	**446.03**	**208.02**	**233.82**	**382.79**
Other Comprehensive Income						
A (i) Items that will not be reclassified to profit or loss						
- Remeasurement of defined benefit plans	(15.01)	(6.67)	8.15	(11.93)	2.68	2.32
- Equity Instruments through OCI	0.03	(0.02)	0.27	1.22	0.05	(3.70)
(ii) Income tax relating to items that will not be reclassified to profit or loss	5.19	2.31	(2.82)	4.05	(0.87)	(0.75)

(Rupees in Millions)

Particulars	Period ended Dec 31 2017	Year ended Mar 31, 2017	March 31, 2016 (Profoma)	March 31, 2015 (Profoma)	March 31, 2014 (Profoma)	March 31, 2013 (Profoma)
B (i) Items that will be reclassified to profit or loss						
- Exchange differences in translating the financial statements of foreign operations	12.23	34.69	(28.16)	21.78	(10.47)	(5.05)
- The effective portion of gains and loss on hedging instruments in a cash flow hedge	(57.82)	(32.01)	(0.63)	(16.10)	-	-
- Surplus on revaluation of Land	-	-	-	134.91	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	20.01	11.08	0.22	5.47	-	-
Other Comprehensive Income for the year, net of tax	**(35.37)**	**9.38**	**(22.97)**	**139.40**	**(8.61)**	**(7.18)**
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)	**115.94**	**435.25**	**423.06**	**347.42**	**225.21**	**375.61**
Earnings per equity share						
(1) Basic Rs	150.40	423.30	443.33	206.76	232.41	405.65
(2) Diluted Rs	150.40	423.30	443.33	206.76	232.41	405.65

Craftsman Automation Limited
Restated consolidated summary statement of cash flows

(Rupees in Millions)

Particulars	**Period ended**	**Year ended**				
	December 31, 2017	**March 31, 2017**	**March 31, 2016 (Proforma)**	**March 31, 2015 (Proforma)**	**March 31, 2014 (Proforma)**	**March 31, 2013 (Proforma)**
Profit before taxation	171.34	354.90	554.08	313.66	420.25	539.08
Adjustments for:						
Depreciation	1,002.62	1,139.55	1,019.84	951.09	810.40	683.46
Gain on sale of assets	0.04	(4.00)	(1.26)	21.54	(0.32)	(0.80)
Exchange difference on transaction/translation (loss/(gain))	(34.37)	45.80	20.03	105.65	(98.73)	(42.07)
MTM Gain / (Loss) - Derivative -(Net)	(20.23)	(79.03)	(31.71)	18.20	33.10	73.83
Share of Profit of Joint Venture	(1.99)	(2.24)	(0.58)	(0.22)	(0.52)	(0.42)
Interest received	(7.09)	(14.71)	(8.62)	(5.47)	(6.08)	(8.70)
Interest expense	779.54	895.02	713.33	601.41	523.83	510.42
Operating cash flow before changes in working capital	**1,889.86**	**2,335.29**	**2,265.11**	**2,005.86**	**1,681.93**	**1,754.80**
Adjustments for changes in :						
Trade and other receivables	121.76	(647.61)	(303.88)	(9.87)	(379.77)	57.78
Inventories	(597.28)	(440.58)	(340.41)	(211.43)	(75.08)	(59.15)
Trade payables and other payables	408.14	1,238.86	(48.86)	542.98	645.95	(800.35)
Cash generated from operations	**1,822.48**	**2,485.96**	**1,571.96**	**2,327.54**	**1,873.03**	**953.08**
Income taxes paid	(115.40)	(137.78)	(145.45)	(89.58)	(108.43)	(145.25)
Net cash from operating activities - A	**1,707.08**	**2,348.18**	**1,426.51**	**2,237.96**	**1,764.60**	**807.83**
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,415.28)	(2,752.29)	(1,374.47)	(1,815.06)	(1,633.24)	(1,363.24)
Purchase of Intangible	(38.42)	(88.58)	(27.10)	(8.13)	(48.42)	(19.47)
Proceeds from sale of assets	2.82	10.99	5.42	19.52	(2.13)	(39.83)
Purchase of Shares	(11.51)	-	-	-	-	-
Interest received	7.09	14.71	8.62	5.47	6.08	8.70
Net cash used in investing activities - B	**(1,455.30)**	**(2,815.17)**	**(1,387.53)**	**(1,798.20)**	**(1,677.71)**	**(1,413.84)**
Cash flows from financing activities						
Proceeds from Issue of Shares (incl of Premium)	-	-	-	-	-	989.64
Proceeds from long-term borrowings	1,253.47	2,427.45	1,119.23	1,211.23	918.28	264.58
Repayment of long term borrowings	(959.74)	(1,005.33)	(910.60)	(874.61)	(571.44)	(497.74)
Proceeds from short-term borrowings	392.28	180.60	468.44	(82.60)	43.30	265.00
Interest paid	(782.26)	(896.45)	(710.91)	(590.21)	(517.89)	(487.78)
Dividends paid	(6.93)	(6.94)	(6.94)	(6.68)	(6.33)	(5.50)
Net cash used in financing activities- C	**(103.18)**	**699.33**	**(40.78)**	**(342.87)**	**(134.08)**	**528.20**

(Rupees in Millions)

Particulars	Period ended December 31, 2017	Year ended March 31, 2017	March 31, 2016 (Proforma)	March 31, 2015 (Proforma)	March 31, 2014 (Proforma)	March 31, 2013 (Proforma)
Net increase in cash and cash equivalents - (A+B+C)	**148.60**	**232.34**	**(1.80)**	**96.89**	**(47.19)**	**(77.81)**
Cash and cash equivalents at beginning of year	397.44	165.10	166.90	70.01	117.20	195.01
Cash and cash equivalents at end of year	546.04	397.44	165.10	166.90	70.01	117.20
Cash & cash equivalents consists of:						
Cash in hand	1.46	1.40	1.49	2.50	1.82	6.21
Balances with banks						
(i) in current accounts	389.41	238.91	81.28	58.07	34.82	53.24
(ii) in deposit accounts	155.17	157.13	82.33	106.33	33.37	57.75
	546.04	397.44	165.10	166.90	70.01	117.20

Craftsman Automation Limited
Restated standalone summary statement of assets and liabilities

(Rupees in Millions)

Particulars	**As at December 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016 (Proforma)**	**As at March 31, 2015 (Proforma)**	**As at March 31, 2014 (Proforma)**	**As at March 31, 2013 (Proforma)**
ASSETS						
Non-current assets						
Property, Plant and Equipment	12,095.47	12,157.37	9,845.44	9,286.84	8,560.96	7,875.87
Capital Work in progress	132.69	111.55	400.32	542.38	126.59	115.55
Other Intangible assets	117.43	113.66	54.92	43.19	44.40	8.02
Financial assets						
Investments	113.58	107.62	118.21	148.05	146.84	124.66
Loans	221.61	202.09	217.94	188.30	213.05	157.01
Security Deposits	67.33	44.40	44.12	42.34	45.81	42.22
Current tax assets (Net)	77.06	40.18	14.11	-	14.26	15.90
Other non-current assets	292.36	192.19	161.72	270.74	336.05	106.80
	13,117.53	12,969.06	10,856.78	10,521.84	9,487.96	8,446.03
Current assets						
Inventories	2,765.19	2,156.58	1,712.92	1,365.23	1,104.09	1,054.12
Financial assets						
Trade receivables	1,913.83	1,782.22	1,386.41	1,327.56	1,323.97	1,002.26
Cash and cash equivalents	522.37	374.54	154.10	154.86	57.11	89.11
Security Deposits	101.56	92.48	73.08	61.19	128.38	134.53
Other Current assets	693.10	958.26	727.93	583.72	599.61	495.30
	5,996.05	5,364.08	4,054.44	3,492.56	3,213.16	2,775.32
Total Assets	**19,113.58**	**18,333.14**	**14,911.22**	**14,014.40**	**12,701.12**	**11,221.35**
EQUITY AND LIABILITIES						
EQUITY						
Equity Share capital	100.61	57.49	57.49	57.49	57.49	57.49
Other Equity	5,963.63	5,894.54	5,509.00	5,109.84	4,696.56	4,437.99
	6,064.24	5,952.03	5,566.49	5,167.33	4,754.05	4,495.48
LIABILITIES						
Non-current liabilities						
Financial liabilities						
Borrowings	4,452.65	4,341.08	3,159.06	3,039.18	2,766.10	2,631.76
Other Non-Current Financial Liabilities	14.45	10.21	27.92	61.06	64.26	74.60
Provisions	1.98	1.99	1.78	1.90	1.54	1.45
Deferred tax liabilities (Net)	225.69	283.81	464.41	474.17	485.91	409.55
	4,694.77	4,637.09	3,653.17	3,576.31	3,317.81	3,117.36

(Rupees in Millions)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016 (Proforma)	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)	As at March 31, 2013 (Proforma)
Current liabilities						
Financial Liabilities						
Borrowings	2,627.70	2,235.42	2,054.82	1,586.38	1,668.98	1,625.68
Trade payables	3,444.16	2,981.41	2,014.01	1,752.38	1,368.98	867.34
Other current Financial Liabilities	1,959.52	2,109.93	1,372.71	1,334.50	1,260.83	819.70
Other current liabilities	278.44	400.16	231.93	550.64	315.87	281.23
Current tax labilities (Net)	-	-	-	13.54	-	-
Provisions	44.75	17.10	18.09	33.32	14.60	14.56
	8,354.57	7,744.02	5,691.56	5,270.76	4,629.26	3,608.51
Total Equity and Liabilities	**19,113.58**	**18,333.14**	**14,911.22**	**14,014.40**	**12,701.12**	**11,221.35**

Craftsman Automation Limited
Restated standalone summary statement of profit and loss

(Rupees in Millions except EPS)

Particulars	**Period ended December 31, 2017**	**Year ended March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
INCOME						
Revenue From Operations	10,745.61	12,009.54	9,729.10	8,598.99	6,763.87	6,568.76
Other Income	77.94	114.37	92.47	(1.11)	58.52	(40.99)
Total Income	**10,823.55**	**12,123.91**	**9,821.57**	**8,597.88**	**6,822.39**	**6,527.77**
EXPENSES						
Cost of materials consumed	4,166.72	4,017.25	2,942.65	2,041.38	1,409.81	1,265.20
Changes in inventories of finished goods and work-in-	(177.83)	(218.96)	(174.89)	(22.62)	(28.85)	(44.68)
Excise duty on sale of goods	324.44	1,082.54	898.00	687.10	777.50	708.79
Employee benefits expense	1,460.03	1,448.55	1,198.34	1,020.16	776.86	782.70
Depreciation and amortization expense	999.54	1,133.43	1,012.87	929.57	780.01	658.61
Other expenses	3,092.96	3,418.42	2,637.66	2,890.59	2,155.45	2,128.31
Finance costs	770.93	895.86	798.07	643.66	502.58	482.37
Total expenses	**10,636.79**	**11,777.09**	**9,312.70**	**8,189.84**	**6,373.36**	**5,981.30**
Profit before tax	**186.76**	**346.82**	**508.87**	**408.04**	**449.03**	**546.47**
Tax expense:						
(1) Current tax	52.94	96.25	120.41	107.86	110.50	119.70
Less:MAT Credit Entitlement	52.94	96.05	83.43	107.86	74.77	58.12
Net Current Tax	-	0.20	36.98	-	35.73	61.58
(2) Deferred tax	20.03	(71.17)	71.07	105.64	150.25	94.71
Total tax	**20.03**	**(70.97)**	**108.05**	**105.64**	**185.98**	**156.29**
Profit for the year	**166.73**	**417.79**	**400.82**	**302.40**	**263.05**	**390.18**
Other Comprehensive Income						
A (i) Items that will not be reclassified to profit or loss						
- Remeasurement of defined benefit plans	(15.01)	(6.67)	8.15	(11.93)	2.68	2.32
- Equity Instruments through OCI	0.03	(0.02)	0.27	1.22	0.05	(3.70)
(ii) Income tax relating to items that will not be reclassified to profit or loss	5.19	2.31	(2.82)	4.05	(0.87)	(0.75)

(Rupees in Millions except EPS)

Particulars	Period ended December 31, 2017	Year ended March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
B (i) Items that will be reclassified to profit or loss						
- The effective portion of gains and loss on hedging instruments in a cash flow hedge	(57.82)	(32.01)	(0.63)	(16.10)	-	-
- Surplus on revaluation of Land	-	-	-	134.91	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	20.01	11.08	0.22	5.47	-	-
Other Comprehensive Income for the year, net of tax	**(47.60)**	**(25.31)**	**5.19**	**117.62**	**1.86**	**(2.13)**
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive	**119.13**	**392.48**	**406.01**	**420.02**	**264.91**	**388.05**
Earnings per equity share						
(1) Basic Rs	165.72	415.27	398.40	300.57	261.46	413.49
(2) Diluted	165.72	415.27	398.40	300.57	261.46	413.49

Craftsman Automation Limited
Restated standalone summary statement of cash flows

(Rupees in Millions)

Particulars	Period ended December 31, 2017	Year ended March 31, 2017	March 31, 2016 *(Proforma)*	March 31, 2015 *(Proforma)*	March 31, 2014 *(Proforma)*	March 31, 2013 *(Proforma)*
Profit before taxation	186.76	346.82	508.87	408.04	449.03	546.47
Adjustments for:						
Depreciation	999.54	1,133.43	1,012.87	929.57	780.01	658.61
Gain on sale of assets	0.04	(4.00)	(1.26)	21.54	(0.32)	(0.80)
Exchange difference on transaction/translation (loss/(g	(47.10)	50.13	52.80	86.39	(94.95)	(43.73)
MTM Gain / (Loss) - Derivative -(Net)	(20.23)	(79.03)	(31.71)	18.20	33.10	73.83
Provision for impairment of loan to and investment in	0.98	1.10	1.69	(0.37)	6.55	11.51
Interest receipt on loan to WOS	(0.05)	(0.06)	(0.07)	(0.01)	-	-
Interest received	(7.08)	(14.70)	(8.61)	(5.47)	(6.08)	(8.70)
Interest expense	779.53	895.00	713.33	601.38	523.34	509.89
Operating cash flow before changes in working cap	**1,892.39**	**2,328.69**	**2,247.91**	**2,059.27**	**1,690.68**	**1,747.08**
Adjustments for changes in:						
Trade and other receivables	149.45	(694.87)	(268.45)	(79.18)	(328.20)	(57.89)
Inventories	(608.61)	(443.66)	(347.69)	(261.14)	(49.97)	(68.67)
Trade payables and other payables	402.34	1,257.11	(61.92)	587.00	641.59	(612.28)
Cash generated from operations	**1,835.57**	**2,447.27**	**1,569.85**	**2,305.95**	**1,954.10**	**1,008.24**
Income taxes paid	(115.03)	(135.70)	(145.46)	(89.58)	(107.98)	(145.25)
Net cash from operating activities - A	**1,720.54**	**2,311.57**	**1,424.39**	**2,216.37**	**1,846.12**	**862.99**
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,414.87)	(2,752.71)	(1,377.79)	(1,809.63)	(1,638.79)	(1,355.35)
Purchase of Intangible	(38.19)	(88.41)	(19.53)	(16.47)	(24.99)	(11.37)
Proceeds from sale of assets	2.81	10.56	5.42	19.76	(2.13)	(39.83)
Purchase of Shares	(11.51)	-	-	-	-	-
Loans given	(14.87)	25.38	(1.15)	25.13	(84.70)	(75.75)
Interest received	7.08	14.70	8.61	5.47	6.08	8.70
Net cash used in investing activities - B	**(1,469.55)**	**(2,790.48)**	**(1,384.44)**	**(1,775.74)**	**(1,744.53)**	**(1,473.60)**
Cash flows from financing activities						
Proceeds from Issue of Shares (incl of Premium)	-	-	-	-	-	989.64
Proceeds from long-term borrowings	1,253.47	2,427.45	1,119.21	1,211.25	918.29	264.57
Repayment of long term borrowings	(959.74)	(1,005.33)	(910.60)	(874.61)	(571.44)	(497.74)
Proceeds from short-term borrowings	392.28	180.60	468.44	(82.60)	43.30	265.00
Interest paid	(782.25)	(896.43)	(710.91)	(590.18)	(517.40)	(487.25)
Dividends paid	(6.92)	(6.94)	(6.85)	(6.74)	(6.34)	(5.47)
Net cash used in financing activities- C	**(103.16)**	**699.35**	**(40.71)**	**(342.88)**	**(133.59)**	**528.75**

(Rupees in Millions)

Particulars	Period ended December 31, 2017	Year ended				
		March 31, 2017	March 31, 2016 *(Proforma)*	March 31, 2015 *(Proforma)*	March 31, 2014 *(Proforma)*	March 31, 2013 *(Proforma)*
Net increase in cash and cash equivalents - (A+B+C)	**147.83**	**220.44**	**(0.76)**	**97.75**	**(32.00)**	**(81.86)**
Cash and cash equivalents at beginning of year	374.54	154.10	154.86	57.11	89.11	170.97
Cash and cash equivalents at end of year	522.37	374.54	154.10	154.86	57.11	89.11
Cash & cash equivalents consists of:						
Cash in hand	1.43	1.37	1.46	2.47	1.79	6.20
Balances with banks						
(i) in current accounts	365.77	216.04	70.31	46.06	20.37	25.16
(ii) in deposit accounts	155.17	157.13	82.33	106.33	34.95	57.75
	522.37	374.54	154.10	154.86	57.11	89.11

THE OFFER

The following table summarizes details of the Offer:

Offer	Up to [●] Equity Shares aggregating up to ₹ [●] million
The Offer consists of:	
(i) Fresh Issue[(1)]	Up to [●] Equity Shares aggregating up to ₹ 4,000.00 million
(ii) Offer for Sale[(2)]	Up to 4,383,320 Equity Shares aggregating up to ₹ [●] million
Of which:	
Employee Reservation Portion[(4)]	Up to [●] Equity Shares aggregating up to ₹ 50.00 million
Accordingly,	
Net Offer	Up to [●] Equity Shares aggregating up to ₹ [●] million
Of which:	
QIB Category[(3)(5)]	Not more than [●] Equity Shares
Of which:	
Anchor Investor Portion	Not more than [●] Equity Shares
Of which:	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
Of which:	
- Available for allocation to Mutual Funds only (5% of the QIB Category excluding the Anchor Investor Portion)	[●] Equity Shares
- Balance for all QIBs including Mutual Funds	[●] Equity Shares
Non-Institutional Category[(3)]	Not less than [●] Equity Shares
Retail Category[(3)]	Not less than [●] Equity Shares
Equity Shares outstanding before the Offer	20,121,600 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of proceeds of the Offer	For further information, see "***Objects of the Offer***" on page 96. Our Company will not receive any portion of the proceeds from the Offer for Sale portion of the Offer.

(1) The Offer has been authorised by our Board pursuant to resolutions passed at its meetings held on March 30, 2018 and May 24, 2018 and the Shareholders pursuant to a resolution passed at their meeting held on April 30, 2018.

*(2) The Selling Shareholders, severally and not jointly, have confirmed and authorized their respective participation in the Offer for Sale. For further information, see "**Other Regulatory and Statutory Disclosures**" on page 466.*

(3) Subject to valid bids being received at or above the Offer Price, undersubscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company and the Investor Selling Shareholders, in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws. Under-subscription, if any, in the QIB Category (excluding the Anchor Investor Portion) will not be allowed to be met with spill-over from other categories or a combination of categories. In case of an under subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be first met through the Equity Shares offered pursuant to the Offer for Sale on a pro-rata basis in a manner proportionate to the respective portion

of the Offered Shares of each Selling Shareholder and subsequently, the balance part of the Fresh Issue.

(4) *The maximum Bid Amount under Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 on a net basis. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹ 500,000. In case of oversubscription in the Employee Reservation Portion, the maximum allocation and Allotment to an Eligible Employee shall not exceed ₹ 200,000. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.*

(5) *Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors in the Offer. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category. For further information, see "**Offer Procedure**" on page 490.*

Notes:

(i) In terms of Rule 19(2)(b)(ii) of the SCRR, the Equity Shares issued in this Offer shall aggregate to at least such percentage of the post-Offer Equity Share capital of our Company (calculated at Offer Price) that will be at least ₹ 4,000.00 million.

(ii) The Offered Shares are eligible to be offered for sale in accordance with Regulation 26(6) of the SEBI ICDR Regulations. For further information, see "***Capital Structure***" on page 85.

(iii) Allocation to all categories, other than Anchor Investors, if any, and Retail Individual Investors, shall be made on a proportionate basis. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For further information, see "***Offer Procedure***" on page 490.

(iv) Subject to valid Bids being received at or above the Offer Price, under-subscription, in any category other than QIB Category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Investor Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange in accordance with applicable law. For further information, including grounds for rejection of Bids, refer to "***Offer Structure***" and "***Offer Procedure***" on pages 481 and 490, respectively. For further information on the terms of the Offer, see "***Terms of the Offer***" on page 485.

GENERAL INFORMATION

Our Company was incorporated as "Craftsman Automation Private Limited" on July 18, 1986, as a private limited company under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Chennai, Tamil Nadu. Pursuant to the conversion of our Company to a public limited company and as approved by our Shareholders pursuant to a resolution dated April 30, 2018, the name of our Company was changed to "Craftsman Automation Limited" and the RoC issued a fresh certificate of incorporation dated May 4, 2018. For further information on changes in name and registered office of our Company, see "***History and Certain Corporate Matters***" on page 197.

Company Registration Number: 001816

Corporate Identity Number: U28991TZ1986PLC001816

Registered and Corporate Office

Senthel Towers
4th Floor, 1078, Avanashi Road
Coimbatore 641 018
Tamil Nadu, India
Tel: (91 422) 302 1000
Facsimile: (91 422) 302 1056
Website: www.craftsmanautomation.com

Address of the Registrar of Companies

Our Company is currently registered with the Registrar of Companies located at the following address:

Registrar of Companies, Coimbatore
Stock Exchange Building, 2nd Floor
683, Trichy Road, Singanallur,
Coimbatore 641 005
Tamil Nadu, India

Board of Directors

The following table sets out the details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Name and Designation	Age (in years)	DIN	Address
Srinivasan Ravi *Designation:* Chairman and Managing Director	55	01257716	Old No. 153, New No. 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India.
Ravi Gauthamram *Designation*: Whole-time Director	30	06789004	Old No. 153, New No. 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India.
Chandramohan Natarajan *Designation:* Whole-time Director	66	00302544	A/804, Florentine Co. Hsg. Society, Hiranandani Gardens, Powai, Mumbai 400 076, Maharashtra, India.
Udai Dhawan *Designation:* Nominee Director	45	03048040	46, 2nd Floor, Poorvi Marg, Vasant Vihar, New Delhi 110 057, India.
Chandrashekar Bhide *Designation:* Independent Director	69	00027967	104, Ajay Apartments, T. H. Kataria Marg, Mahim, Mumbai 400 016, Maharashtra, India.

Name and Designation	Age (in years)	DIN	Address
Kallakurichi Kanniah Balu *Designation:* Independent Director	73	03640304	No. 17/11, Syndicate Enclave, Sengani Amman Koil Street, Maduvankarai, Guindy, Chennai 600 032, Tamil Nadu, India.
Sundararaman Kalyanaraman *Designation:* Independent Director	68	01252878	S-31, Kirloskar Colony, 3rd Stage, Basaveshwara Nagar, Bengaluru 560 079, Karnataka, India.
Vijaya Sampath *Designation:* Independent Director	65	00641110	Flat No - 403, Block -14, Mehrauli Gurgaon Road, Heritage City, Gurgaon 122 002, Haryana, India.

For further information on our Directors, see "***Management***" on page 205.

Chief Financial Officer

Sivakumar Gopalan is our Chief Financial Officer. His contact details are as follows:

Senthel Towers
4th Floor, 1078, Avanashi Road
Coimbatore 641 018
Tamil Nadu, India
Tel: (91 422) 302 1000
Facsimile: (91 422) 302 1056
E-mail: sivakumar@craftsmanautomation.com

Company Secretary and Compliance Officer

Shainshad Aduvanni is our Company Secretary and Compliance Officer. His contact details are as follows:

Senthel Towers
4th Floor, 1078, Avanashi Road
Coimbatore 641 018
Tamil Nadu, India
Tel: (91 422) 302 1000
Facsimile: (91 422) 302 1056
E-mail: investor@craftsmanautomation.com

Investors can contact our Company Secretary and Compliance Officer and the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or unblocking/non-receipt of funds, etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs or the Registrar to Offer, in the manner provided below.

All grievances, in relation to Bids through ASBA process, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) with whom the ASBA Form was submitted, giving full details such as name of the sole or First Bidder, ASBA Form number, Bidder's DP ID, Client ID, PAN, number of Equity Shares applied for, date of submission of ASBA Form, address of Bidder, ASBA Account number in which the amount equivalent to the Bid Amount was blocked, date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediary in addition to the documents/information mentioned hereinabove.

Book Running Lead Managers

ICICI Securities Limited
ICICI Center, H.T. Parekh Marg
Churchgate
Mumbai 400 020
Maharashtra, India
Tel: (91 22) 2288 2460
Facsimile: (91 22) 2282 6580
E-mail: craftsman.ipo@icicisecurities.com
Investor grievance E-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Shekher Asnani
SEBI Registration No: INM000011179

IIFL Holdings Limited
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West)
Mumbai 400 013
Maharashtra, India
Tel: (91 22) 4646 4600
Facsimile: (91 22) 2493 1073
E-mail: craftsman.ipo@iiflcap.com
Investor grievance E-mail: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact Person: Sachin Kapoor/Aditya Agarwal
SEBI Registration No: INM000010940

SBI Capital Markets Limited
202, Maker Tower E
Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: (91 22) 2217 8300
Facsimile: (91 22) 2218 8332
E-mail: craftsman.ipo@sbicaps.com
Investor grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Janardhan Wagle
SEBI Registration No: INM00000353

Statement of *inter se* allocation of responsibilities among the BRLMs

The responsibilities and co-ordination by the BRLMs for various activities in this Offer are as follows:

S. No	Activity	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy	All BRLMs	ICICI Securities Limited
2.	Pre-Offer due diligence of the Company including its operations/management/business plans/legal etc., drafting and design of DRHP, RHP and Prospectus, ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus and RoC filing	All BRLMs	ICICI Securities Limited
3.	Drafting and approval of all statutory advertisements	All BRLMs	ICICI Securities Limited

S. No	Activity	Responsibility	Co-ordinator
4.	Drafting and approval of publicity material other than statutory advertisements, including corporate advertising, brochures, etc. and filing of media compliance report	All BRLMs	SBI Capital Markets Limited
5.	Appointment of Registrar to the Offer, Printers, Banker(s) to the Offer Advertising agency (including co-ordinating all agreements to be entered with such parties)	All BRLMs	IIFL Holdings Limited
6.	Preparation of roadshow presentation and FAQs for the roadshow team	All BRLMs	ICICI Securities Limited
7.	International institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	All BRLMs	ICICI Securities Limited
8.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedules	All BRLMs	SBI Capital Markets Limited
9.	Conduct non-institutional marketing of the Offer	All BRLMs	IIFL Holdings Limited
10.	Conduct retail marketing of the Offer, which will cover, *inter-alia*: • Finalising media, marketing, public relations strategy and publicity budget • Finalising collection centres • Finalising centres for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	All BRLMs	ICICI Securities Limited
11.	Co-ordination with Stock-Exchanges for book building software, bidding terminals and mock trading. Coordination with Stock Exchanges for deposit of 1% security deposit.	All BRLMs	SBI Capital Markets Limited
12.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholders	All BRLMs	ICICI Securities Limited
13.	Post-Bidding activities – management of escrow accounts, coordinating underwriting, co-ordination of non-institutional allocation, finalization of the basis of allotment based on technical rejections, listing of instruments, announcement of allocation and dispatch of refunds to Bidders, etc., payment of the applicable securities transaction tax, co-ordination with SEBI and stock exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI. Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post- Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable	All BRLMs	SBI Capital Markets Limited

Syndicate Members

[●]

Legal Counsel to the Company as to Indian Law

Shardul Amarchand Mangaldas & Co
24th Floor, Express Towers
Nariman Point
Mumbai 400 021

Maharashtra, India
Tel: (91 22) 4933 5555
Facsimile: (91 22) 4933 5550

Legal Counsel to the BRLMs as to Indian Law

J. Sagar Associates
Vakils House
18, Sprott Road, Ballard Estate
Mumbai 400 001
Maharashtra, India
Tel: (91 22) 4341 8600
Facsimile: (91 22) 4341 8617

Legal Counsel to the Investor Selling Shareholders

AZB & Partners
AZB House
Plot No. A8, Sector-4
Noida 201 301
Uttar Pradesh, India
Tel: (91 120) 417 9999
Facsimile: (91 120) 417 9900

Registrar to the Offer

Link Intime India Private Limited
C-101, 1st Floor
247 Park, L. B. S. Marg
Vikhroli West
Mumbai 400 083
Maharashtra, India
Tel: (91 22) 4918 6200
Facsimile: (91 22) 4918 6195
E-mail: craftsman.ipo@linkintime.co.in
Investor Grievance E-mail: craftsman.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Escrow Collection Bank(s)

[●]

Public Offer Account Bank

[●]

Refund Bank

[●]

Self Certified Syndicate Banks

The list of SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes on the SEBI website, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which a Bidder (other than an Anchor Investor), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes on the SEBI website, and at such other websites as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Broker Centres/Designated CDP Locations/Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Auditors of our Company

PKF Sridhar & Santhanam LLP
Chartered Accountants
KRD GEE Crystal, No. 91-92
7th Floor, Dr. Radhakrishnan Salai, Mylapore
Chennai 600 004
Tamil Nadu, India
Tel: (91 44) 2811 2985/86/87/88
Facsimile: (91 44) 2811 2989
E-mail: sands@pkfindia.in
ICAI Registration Number: 003990S/S200018
Peer Review Number: 008972

Bankers to our Company

ICICI Bank Limited
Commercial Branch
No 1090, First Floor
Cheran Plaza, Trichy Road
Coimbatore 641 018
Tamil Nadu, India
Tel: (91 422) 450 6708/25/36
Facsimile: (91 422) 450 6713
E-mail: balaji.j@icicibank.com
Website: www.icicibank.com
Contact Person: Balaji J

RBL Bank Limited
One India Bulls Centre
Tower 2 B, 6th Floor, 841
Senapati Bapat Marg
Lower Parel (W)
Mumbai 400 093
Maharashtra, India
Tel: (91 22) 4302 0600
Facsimile: (91 22) 4302 0520
E-mail: jagannathan.varadharajan@rblbank.com
Website: www.rblbank.com
Contact Person: V Jagannathan

Indian Bank
PN Palayam Branch
1134, Avinashi Road
Coimbatore 641 037
Tamil Nadu, India
Tel: (91) 94426 31686
Facsimile: N.A.
E-mail: pnpalayam@indianbank.co.in
Website: www.indianbank.com

Kotak Mahindra Bank Limited
No.219, Arunachalam Road
1st Floor, R.S. Puram
Coimbatore 641 002
Tamil Nadu, India
Tel: (91 422) 247 5453
Facsimile: N.A.
E-mail: madhu.raja@kotak.com
Website: www.kotak.com

Contact Person: B Vijaya

Contact Person: Madhu Varma Raja

HDFC Bank Limited
115, Dr Radhakrishnan Salai
9th Floor, Mylapore
Chennai 600 004
Tamil Nadu, India
Tel: (91 44) 2847 7243
Facsimile: (91 44) 2847 7250
E-mail: mohana.sundaram@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: M Mohana Sundaram

IDBI Bank Limited
72, May Flower 'E' Castle,
Dr. Balasundaram Road
Off. Avinashi Road, ATT Colony
Coimbatore 641 018
Tamil Nadu, India
Tel: (91 422) 224 0816
Facsimile: (91 422) 222 3372
E-mail: badri.narayanan@idbi.co.in
Website: ww.idbi.com
Contact Person: C Badri Narayanan

State Bank of India
Commercial Branch (07536)
Krishna Towers
No: 1087/A-F, Avinashi Road
Chennai 641 037
Tamil Nadu, India
Tel: (91) 94440 59639
Facsimile: (91 422) 266 3343
E-mail: sbi.07536@sbi.co.in
Website: www.sbi.com
Contact Person: D Jothimuthu

Standard Chartered Bank
Grindlyas Centre
509, D.B. Road
R.S. Puram
Coimbatore 641 0002
Tamil Nadu, India
Tel: (91 422) 420 0393
Facsimile: (91 422) 245 7901
E-mail: vineeth.np@sc.com
Website: www.sc.com
Contact Person: NP Vineeth

Grading of the Offer

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Appraising Entity

None of the objects for which the Net Proceeds will be utilized has been appraised by any agency.

Monitoring Agency

Our Company will appoint a monitoring agency for monitoring the utilization of Net Proceeds, as our the proposed Fresh Issue exceeds ₹ 1,000.00 million in accordance with Regulation 16 of the SEBI ICDR Regulations. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Offer. We will disclose the utilization of the proceeds of the Offer under a separate head along with details, if any, in relation to all such proceeds of the Offer that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Offer in our balance sheet for the relevant Financial Years.

Expert

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

Our Company has received written consent from our Auditors, PKF Sridhar & Santhanam LLP, Chartered Accountants, to include their name in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) read with Section 26(5) of the Companies Act 2013 to the extent and in their capacity as the Statutory Auditor of our Company and in respect of their examination reports on our Restated Consolidated Financial Information, Restated Standalone Financial Information, each dated May 24, 2018 and the statement of tax benefits dated June 8, 2018, and the consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Trustees

As the Offer is of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band, which will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs and advertised in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Tamil regional daily newspaper, Tamil being the regional language in Coimbatore where our Registered Office is located**)**, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their website. The Offer Price shall be determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Investor Selling Shareholders;
- the Promoter Selling Shareholder;
- the Individual Selling Shareholder;
- the BRLMs;
- the Syndicate Members;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Offer;
- the Escrow Collection Bank(s);
- the RTAs; and
- the Collecting Depository Participants.

All Investors (other than Anchor Investors) can participate in this Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Except Allocation to Retail Individual Investors and the Anchor Investors, Allocation in the Offer will be on a proportionate basis.
For further information on method and process of Bidding, see "***Offer Structure***" on page 481.

The Book Building Process and the Bidding process under the SEBI ICDR Regulations are subject to change from time to time. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Investors should note the Offer is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) registration of the Prospectus with the RoC.

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process, see "***Offer Procedure - Part B - Illustration of the Book Building and Price Discovery Process***" on page 525 of this Draft Red Herring Prospectus.

Offer Programme

For further information on the Offer Programme, see "***Terms of the Offer***" on page 485 of this Draft Red Herring Prospectus.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered/issued through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, each of the BRLMs will be severally responsible for bringing in the amount devolved, in the event any of their respective Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

(in ₹ million)

Name, address, telephone, facsimile and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and would be finalized after the pricing and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters after the determination of the Offer Price and allocation of Equity Shares, but prior to filing the Prospectus with the RoC.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus, is set forth below:

	Particulars	Aggregate nominal value (*in ₹ million*)	Aggregate value at Offer Price (*in ₹ million*)
A)	**AUTHORISED SHARE CAPITAL(1)**		
	40,000,000 Equity Shares	200.00	-
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	20,121,600 Equity Shares	100.61	-
C)	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Fresh Issue of up to [●] Equity Shares(2)	[●]	[●]
	Offer for Sale of up to 4,383,320 Equity Shares(3)	[●]	[●]
	Which includes:		
	Employee Reservation Portion of up to [●] Equity Shares	[●]	[●]
	Net Offer of up to [●] Equity Shares	[●]	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	-
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		1,379.53
	After the Offer		[●]

*(1) For further information on changes in the authorized share capital of our Company, see "**History and Certain Corporate Matters - Amendments to our Memorandum of Association**" on page 198.*

(2) The Offer has been authorised by our Board pursuant to resolutions passed at its meetings held on March 30, 2018 and May 24, 2018 and the Shareholders pursuant to a resolution passed at their meeting held on April 30, 2018.

*(3) The Selling Shareholders have confirmed and authorized their respective participation in the Offer for Sale. For further information, see "**The Offer**" and "**Other Regulatory and Statutory Disclosures**" on pages 74 and 466, respectively.*

Notes to Capital Structure

1. Share Capital History

(a) History of Equity Share capital of our Company

The following table sets forth the history of the Equity Share capital of our Company.

Date of allotment	Number of equity shares	Face value (in ₹)	Offer price (in ₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (in ₹)
July 18, 1986	303	100	100	Cash	Subscription to the MoA (1)	303	30,300
March 29, 1989	1,697	100	100	Cash	Further issue(2)	2,000	200,000
March 31, 1992	3,000	100	100	Cash	Further issue(3)	5,000	500,000
March 31, 1997	20,000	100	100	Cash	Further issue(4)	25,000	2,500,000
March 31, 2000	35,000	100	100	Cash	Further issue(5)	60,000	6,000,000
March 31, 2004	25,000	100	100	Cash	Further issue(6)	85,000	8,500,000

Date of allotment	Number of equity shares	Face value (in ₹)	Offer price (in ₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (in ₹)
March 26, 2007	95,000	100	100	Cash	Further issue(7)	180,000	18,000,000
March 26, 2007	225,000	100	N.A.	N.A.	Bonus issue(8)	405,000	40,500,000
September 20, 2010	66,263	100	6,791.12	Cash	Further issue(9)	471,263	47,126,300
August 2, 2012	89,100	100	9,548.80	Cash	Further issue(10)	560,363	56,036,300
August 21, 2012	14,540	100	9,548.80	Cash	Further issue(11)	574,903	57,490,300
December 21, 2017	431,177	100	N.A.	N.A.	Bonus issue(12)	1,006,080	100,608,000
Pursuant to the resolutions passed by our Board of Directors on March 30, 2018 and our Shareholders on April 30, 2018, the face value of the Equity Shares was sub-divided from ₹ 100 per equity share to ₹ 5 per Equity Share. Accordingly, the issued, subscribed and paid-up Equity Share capital of our Company being 1,006,080 equity shares of ₹ 100 each was sub-divided into 20,121,600 Equity Shares of ₹ 5 each.							
					Total	**20,121,600**	**100,608,000**

(1) Subscription of 101 equity shares by Srinivasan Ravi, 101 equity shares by Ramesh Muthuramalingam and 101 equity shares by Sridhar Kumarasamy, being the initial subscribers to the MoA.

(2) Allotment of 247 equity shares to Srinivasan Ravi, 300 equity shares to S. Manoranjitham, 250 equity shares to S. Murali, 300 equity shares to Chithra Ravi, 300 equity shares to Chitra Murali and 300 equity shares to S. Santhiavalliammal.

(3) Allotment of 1,150 equity shares to Ramesh Muthuramalingam, 250 equity shares to Chithra Ravi, 250 equity shares to Chitra Murali, 900 equity shares to K. Gomatheswaran, 250 equity shares to Anandhi Ramesh and 200 equity shares to. Thulasiammal.

(4) Allotment of 4,550 equity shares to Srinivasan Ravi, 3,250 equity shares to Govinda Swamy Srinivasan, 2000 equity shares to S. Manoranjitham, 4,850 equity shares to S. Murali, 700 equity shares to Chithra Ravi, 400 equity shares to Chitra Murali, 3,250 equity shares to K. Gomatheswaran and 1,000 equity shares to S. Santhiavalliammal.

(5) Allotment of 16,100 equity shares to Srinivasan Ravi, 4,000 equity shares to Govinda Swamy Srinivasan, 5,250 equity shares to S. Manoranjitham, 7,500 equity shares to S. Murali, 500 equity shares to Chitra Murali, 1,000 equity shares to K. Gomatheswaran and 650 equity shares to Chithra Ravi.

(6) Allotment of 8,600 equity shares to Srinivasan Ravi, 875 equity shares to Ramesh Muthuramalingam, 1,735 equity shares to Govinda Swamy Srinivasan, 2,135 equity shares to S. Manoranjitham, 7,860 equity shares to S. Murali, 690 equity shares to Chithra Ravi, 495 equity shares to Chitra Murali, 2,435 equity shares to K. Gomatheswaran and 175 equity shares to Anandhi Ramesh.

(7) Allotment of 78,245 equity shares to Srinivasan Ravi, 6,540 equity shares to S. Murali and 10,215 equity shares to K. Gomatheswaran.

(8) Bonus issue to all existing shareholders of our Company in the ratio of five equity shares for every four equity shares held, by way of capitalization of a portion of existing reserves, authorized by our Shareholders through a resolution passed at the EGM dated March 7, 2007. 168,750 equity shares allotted to Srinivasan Ravi, 33,750 equity shares allotted to S. Murali and 22,500 equity shares allotted to K. Gomatheswaran.

(9) Allotment of 66,263 equity shares to IFC.

*(10) Allotment of 89,100 equity shares to Standard Chartered Private Equity (Mauritius) II Limited. Subsequently, the equity shares were transferred to Marina, pursuant to a deed of adherence dated March 17, 2017. For further information, see "**History and Certain Corporate Matters – Material Agreements**" on page 201.*

(11) Allotment of 14,540 equity shares to IFC.

(12) Bonus issue to all existing shareholders of our Company in the ratio of three equity shares for every four equity shares held, by way of capitalization of a portion of existing reserves, authorized by our Shareholders through a resolution passed at the EGM dated December 11, 2017. 227,812 equity shares allotted to Srinivasan Ravi, 45,563 equity shares allotted to S. Murali, 30,375 equity shares allotted to K. Gomatheswaran, 60,602 equity shares allotted to IFC and 66,825 equity shares allotted to Marina.

***(b)* Equity Shares issued for consideration other than cash or by way of bonus issue**

Except as detailed below, no Equity Shares have been issued by our Company for consideration other than cash or by way of bonus issue, as on the date of this Draft Red Herring Prospectus:

Date of allotment	Number of equity shares	Name of allottees	Face value* (₹)	Offer price (₹)	Reasons for allotment	Benefits accrued to the Company
March 26, 2007	168,750	Srinivasan Ravi	100	N.A.	Bonus issue in the ratio of five equity shares for every four equity shares held	Nil
	33,750	S. Murali	100	N.A.		Nil
	22,500	K. Gomatheswaran	100	N.A.		Nil
December 21, 2017	227,812	Srinivasan Ravi	100	N.A.	Bonus issue in the ratio of three equity shares for every four equity shares held	Nil
	66,825	Marina	100	N.A.		Nil
	60,602	IFC	100	N.A.		Nil
	45,563	S. Murali	100	N.A.		Nil
	30,375	K. Gomatheswaran	100	N.A.		Nil

***** *Pursuant to the resolutions passed by our Board of Directors on March 30, 2018 and our Shareholders on April 30, 2018, the face value of the equity shares was sub-divided from ₹ 100 per equity share to ₹ 5 per Equity Share.*

(c) **Issue of shares out of revaluation reserves**

As on the date of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares out of revaluation reserves, since its incorporation.

(d) **Issue of Equity Shares in the last one year below the Offer Price**

Except as set forth in "***Risk Factors - We have issued Equity Shares in the last 12 months, the price of which may be lower than the Offer Price.***" and "***- History of Equity Share capital of our Company***" on pages 39 and 85, respectively, our Company has not issued Equity Shares at a price lower than the Offer Price in one year immediately preceding the date of this Draft Red Herring Prospectus.

2. Employee Stock Option Scheme

As on date of this Draft Red Herring Prospectus, our Company does not have any employee stock option scheme or plan.

3. History of Build-up, Contribution and Lock-in of Promoter's Shareholding

(a) Build-up of Promoter's shareholding in our Company

As on the date of this Draft Red Herring Prospectus, our Promoter holds 10,630,640 Equity Shares aggregating to 52.83% of the issued, subscribed and paid-up Equity Share capital of our Company.

Set forth below is the build-up of the equity shareholding of our Promoter, since incorporation of our Company:

Date of allotment/ transfer	Number of equity shares	Face value (₹)	Issue/acquisition/transfer price per equity share (₹)	Nature of consideration	Nature of transaction	Percentage of pre-Offer Equity Share capital (%)	Percentage of post-Offer Equity Share capital (%)*
Srinivasan Ravi							
July 18, 1986	101	100	100	Cash	Subscription to the MoA	0.01	[●]
March 29, 1989	247	100	100	Cash	Further Issue	0.02	[●]
March 31, 1997	4,550	100	100	Cash	Further Issue	0.45	[●]
March 31, 2000	16,100	100	100	Cash	Further Issue	1.60	[●]
March 31, 2004	8,600	100	100	Cash	Further Issue	0.85	[●]
March 20, 2007	2,126	100	100	Cash	Acquisition from	0.21	[●]

Date of allotment/ transfer	Number of equity shares	Face value (₹)	Issue/acquisition/transfer price per equity share (₹)	Nature of consideration	Nature of transaction	Percentage of pre-Offer Equity Share capital (%)	Percentage of post-Offer Equity Share capital (%)*
					Ramesh Muthuramalingam		
March 20, 2007	101	100	100	Cash	Acquisition from Sridhar Kumarasamy	0.01	[●]
March 20, 2007	8,985	100	Nil	N.A.	Acquisition by way of gift from Govinda Swamy Srinivasan	0.89	[●]
March 20, 2007	9,685	100	Nil	N.A.	Acquisition by way of gift from S. Manoranjitham	0.96	[●]
March 20, 2007	2,590	100	Nil	N.A.	Acquisition by way of gift from Chithra Ravi	0.26	[●]
March 20, 2007	1,945	100	100	Cash	Acquisition from Chitra Murali	0.19	[●]
March 20, 2007	425	100	100	Cash	Acquisition from Anandhi Ramesh	0.04	[●]
March 20, 2007	1,300	100	Nil	N.A.	Acquisition by way of transmission from S. Santhiavalliammal	0.13	[●]
March 26, 2007	78,245	100	100	Cash	Further Issue	7.78	[●]
March 26, 2007	168,750	100	N.A.	N.A.	Bonus Issue	16.77	[●]
December 21, 2017	227,812	100	N.A.	N.A.	Bonus Issue	22.64	[●]
February 12, 2018	(10)	100	Nil	N.A.	Transfer to Chithra Ravi(1)	Negligible	[●]
February 12, 2018	(10)	100	Nil	N.A.	Transfer to Ravi Gauthamram(1)	Negligible	[●]
February 12, 2018	(10)	100	Nil	N.A.	Transfer to R. Mirthula(1)	Negligible	[●]
Total	**531,532**					**52.83**	[●]
Pursuant to the resolutions passed by our Board of Directors on March 30, 2018 and our Shareholders on April 30, 2018, the face value of the Equity Shares was sub-divided from ₹ 100 per equity share to ₹ 5 per Equity Share. Accordingly, Srinivasan Ravi holds 10,630,640 Equity Shares of ₹ 5 each.							
Total	**10,630,640**					**52.83**	[●]

** Assuming full subscription of the Offer.*
(1) Pursuant to gift deeds dated February 12, 2018.

All the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares.

As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoter is pledged.

(b) ***Details of Minimum Promoter's contribution and lock-in for three years***

Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoter shall be provided towards Minimum Promoter's Contribution and locked-in for a period of three years from the date of Allotment.

Set forth below are the details of the Equity Shares that will be locked-in as Minimum Promoter's Contribution from the date of Allotment:

Name of the Promoter	No. of Equity Shares locked-in	Date of allotment/acquisition	Nature of Transaction	Face value* (₹)	Issue/Acquisition Price (₹)	% of pre-Offer Equity Share capital	% of the fully diluted post-Offer Equity Share capital
Srinivasan Ravi	[●]	[●]		[●]		[●]	[●]

Note: To be incorporated upon finalization of the Offer Price.
***** *Pursuant to the resolutions passed by our Board of Directors on March 30, 2018 and our Shareholders on April 30, 2018, the face value of the Equity Shares was sub-divided from ₹ 100 per equity share to ₹ 5 per Equity Share.*

For further information on the build-up of the Equity Share capital of our Company held by our Promoter, see "***- History of Build-up, Contribution and Lock-in of Promoter's Shareholding***" on page 87.

Our Promoter has given consent to include such number of Equity Shares held by him as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Minimum Promoter's Contribution. Our Promoter has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoter's Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

The Minimum Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot and from persons identified as "promoters" in terms of the SEBI ICDR Regulations.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Minimum Promoter's Contribution under Regulation 33 of the SEBI ICDR Regulations. In this regard, we confirm that:

(i) the Equity Shares offered as part of the Minimum Promoter's Contribution do not comprise Equity Shares acquired during the three years immediately preceding the date of this Draft Red Herring Prospectus for consideration other than cash and wherein revaluation of assets or capitalization of intangible assets was involved or bonus issue out of revaluations reserves or unrealized profits or against Equity Shares that are otherwise ineligible for computation of Minimum Promoter's Contribution;

(ii) the Minimum Promoter's Contribution does not include Equity Shares acquired during the one year immediately preceding the date of this Draft Red Herring Prospectus at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(iii) our Company has not been formed by conversion of a partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion of a partnership firm;

(iv) the Equity Shares held by our Promoter and offered as part of the Minimum Promoter's Contribution are not subject to any pledge; and

(v) all Equity Shares held by our Promoter will be in dematerialized form prior to registering the Red Herring Prospectus with the RoC.

(c) ***Details of Equity Shares locked-in for one year***

In terms of Regulation 37 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment in the Offer, except (a) the Minimum Promoter's Contribution which shall be locked in as above; and (b) Equity Shares, which are successfully transferred as part of the Offer for Sale.

Any unsubscribed portion of the Offered Shares would also be locked in as required under the SEBI ICDR Regulations.

(d) ***Lock-in of Equity Shares Allotted to Anchor Investors***

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

(e) ***Other requirements in respect of lock-in***

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the Equity Shares held by our Promoter and locked-in for one year may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. Equity Shares locked-in as Minimum Promoter's Contribution for three years can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Offer.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by our Promoter may be transferred amongst our Promoter and Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in applicable to the transferee for the remaining period and compliance with provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").

Further, in terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoter before the Offer and locked-in for a period of one year, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in applicable to the transferee and compliance with the provisions of the Takeover Regulations.

(f) ***Shareholding of our Promoter and Promoter Group***

Our Promoter holds 52.83% of the pre-Offer Equity Share capital of our Company. Except as stated below, the members of our Promoter Group do not hold any Equity Shares in our Company as on date of this Draft Red Herring Prospectus:

S. No.	Name of the member of the Promoter Group	Pre-Offer		Post-Offer	
		Number of Equity Shares held	% of the total shareholding	Number of Equity Shares held*	% of the total shareholding
1.	S. Murali	2,126,260	10.57	2,126,260	[●]
2.	Chithra Ravi	200	Negligible	200	[●]
3.	Ravi Gauthamram	200	Negligible	200	[●]
4.	R. Mirthula	200	Negligible	200	[●]
	Total	**2,126,860**	**10.57**	**2,126,860**	**[●]**

(g) ***Shareholding of our Selling Shareholders***

The total number of Equity Shares held by the Selling Shareholders in our Company as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage of issued Equity Share capital (%)	No. of Equity Shares*	Percentage of issued Equity Share capital (%)
1.	Srinivasan Ravi	10,630,640	52.83	10,420,640	[●]
2.	Marina	3,118,500	15.50	1,559,240	[●]
3.	IFC	2,828,100	14.06	1,414,040	[●]
4.	K. Gomatheswaran	1,417,500	7.04	217,500	[●]
Total		**17,994,740**	**89.43**	**13,611,420**	[●]

** Assuming all Offered Shares are transferred/sold pursuant to the Offer for Sale.*

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4. Our shareholding pattern

Set forth below is the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	**Category of the 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. shares held (VII) = (IV)+(V)+(VI)**	**Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)**	**No. of Voting Rights held in each class of securities (IX)**				**No. of shares Underlying Outstanding convertible securities (including Warrants) (X)**	**Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+(X) as a % of (A+B+C2)**	**Number of Locked in shares (XII)**		**Number of shares pledged or otherwise encumbered (XIII)**		**Number of equity shares held in dematerialized from (XIV)**
								No. of Voting Rights			**Total as a % of total voting rights**			**No. (a)**	**As a % of total shares held (b)**	**No. (a)**	**As a % of total shares held (b)**	
								Class eg: X	**Class eg: Y**	**Total**								
(A)	**Promoter & Promoter Group**	5	12,757,500			12,757,500	63.40	12,757,500	0	12,757,500	63.40	0	63.40	0	0	0	0	0
(B)	**Public**	3	7,364,100	0	0	7,364,100	36.60	7,364,100	0	7,364,100	36.60	0	36.60	0	0	0	0	0
(C)	**Non Promoter-Non Public**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(1)	**Shares underlying Custodian/Depository Receipts**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(2)	**Shares held by Employee Trusts**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total (A)+(B)+(C)	**8**	**20,121,600**	**0**	**0**	**20,121,600**	**100.00**	**20,121,600**	**0**	**20,121,600**	**100.00**	**0**	**100.00**	**0**	**0**	**0**	**0**	**0**

5. **Shareholding of our Directors and Key Managerial Personnel**

Except for Srinivasan Ravi, our Chairman and Managing Director and Ravi Gauthamram, our Whole-time Director, who hold 10,630,640 Equity Shares and 200 Equity Shares, respectively, none of our Directors or Key Managerial Personnel hold any Equity Shares in our Company.

6. As on the date of this Draft Red Herring Prospectus, our Company has eight Shareholders.

7. **10 largest Shareholders of our Company**

(a) Our Company has eight Shareholders as on the date and had eight Shareholders 10 days prior to the date of this Draft Red Herring Prospectus and the number of Equity Shares held by them are as set forth below:

S. No.	Shareholder	Number of Equity Shares held*	Percentage of Equity Share capital (%)
1.	Srinivasan Ravi	10,630,640	52.83
2.	Marina	3,118,500	15.50
3.	IFC	2,828,100	14.06
4.	S. Murali	2,126,260	10.57
5.	K. Gomatheswaran	1,417,500	7.04
6.	Chithra Ravi	200	Negligible
7.	Ravi Gauthamram	200	Negligible
8.	R. Mirthula	200	Negligible
	Total	**20,121,600**	**100.00**

***** *Pursuant to the resolutions passed by our Board of Directors on March 30, 2018 and our Shareholders on April 30, 2018, the face value of the Equity Shares was sub-divided from ₹ 100 per equity share to ₹ 5 per Equity Share.*

(b) Our Company had five Shareholders two years prior to the date of this Draft Red Herring Prospectus and the number of Equity Shares held by them are as set forth below:

S. No.	Shareholder	Number of equity shares held*	Percentage of equity share capital (%)
1.	Srinivasan Ravi	303,750	52.83
2.	Standard Chartered Private Equity (Mauritius) II Limited	89,100	15.50
3.	IFC	80,803	14.06
4.	S. Murali	60,750	10.57
5.	K. Gomatheswaran	40,500	7.04
	Total	**574,903**	**100.00**

** The face value of ₹ 100 per equity share.*

8. For further information relating to the cost of acquisition of Equity Shares by our Promoter, see the "***Risk Factors - Prominent Notes***" on page 45.

9. Our Company, our Promoter, members of our Promoter Group, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares being offered through this Offer from any person.

10. None of the Equity Shares held by the members of our Promoter Group is pledged or otherwise encumbered.

11. Neither our Promoter nor members of our Promoter Group, our Directors or their immediate relatives have sold or purchased Equity Shares, during the six months immediately preceding the date of filing this Draft Red Herring Prospectus. However, Srinivasan Ravi, our Promoter, gifted 10 equity shares of face value of ₹ 100 per equity share, each to Chithra Ravi, Ravi Gauthamram and R. Mirthula, each a member of our Promoter Group for the purpose of increasing the number of members of the Company for satisfying the requirement for converting our Company from a private limited company into a public limited company. For

further information, see "*- **History of Build-up, Contribution and Lock-in of Promoter's Shareholding***" on page 87.

12. There are no financing arrangements whereby the Promoter, Promoter Group, the Directors and their relatives have financed the sale or purchase of the Equity Shares by any other person other than in the normal course of business of the financing entity, during the six months immediately preceding the date of filing this Draft Red Herring Prospectus.

13. The BRLMs and their respective associates do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. The BRLMs and their respective associates may engage in transactions with, and perform services for our Company, the Selling Shareholders and their respective affiliates or associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or the Selling Shareholders or their respective affiliates or associates for which they have received, and may in future receive compensation.

14. No person connected with the Offer, including, but not limited to, our Company, the members of the Syndicate, our Directors, Promoter or the members of our Promoter Group, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid. Further, no payment, direct or indirect benefit in the nature of discount, commission and allowance or otherwise shall be offered or paid either by our Company or our Promoter to any person in connection with making an application for or receiving any Equity Shares pursuant to this Offer.

15. The Offer is being in made in terms of Rule 19(2)(b)(ii) of the SCRR. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis, in accordance with the SEBI ICDR Regulations of which at least one-third will be available for allocation to domestic Mutual Funds, in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category (other than Anchor Investor Portion). Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only, subject to valid Bids being received from the domestic Mutual Funds at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Category (other than Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Category (other than Anchor Investor Portion) for proportionate allocation to QIBs. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

16. Up to [●] Equity Shares aggregating up to ₹ 50.00 million, not exceeding 5% of the post-Offer paid-up Equity Share capital of our Company, shall be offered for allocation and Allotment on a proportionate basis to Eligible Employees in the Employee Reservation Portion. Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹ 500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion to the Net Offer.

17. An oversubscription to the extent of 10% of the Offer can be retained for the purpose of rounding-off to the nearest multiple of minimum Allotment lot while finalizing the Basis of Allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum Bid size in the Offer. Consequently, the actual allotment may go up by a maximum of 10% of the Offer as a result of which the post-Offer paid-up Equity Share capital of our Company may also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Offer paid up Equity Share capital of our Company is locked-in towards Minimum Promoter's Contribution.

18. Under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Investor Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange in accordance with applicable law. In case of under-subscription in the Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Offer. In case of an under subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be first met through the Equity Shares offered pursuant to the Offer for Sale on a pro-rata basis in a manner proportionate to the respective portion of the Offered Shares of each Selling Shareholder and subsequently, the balance part of the Fresh Issue.

19. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

20. For details of our related party transactions, please see "***Related Party Transactions***" on page 227.

21. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.

22. As on the date of this Draft Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act 1956 or such equivalent provisions under of the Companies Act 2013.

23. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

24. The Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement.

25. Neither our Promoter nor our Promoter Group will participate in the Offer except to the extent of the participation by our Promoter in the Offer for Sale.

26. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

27. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

28. Except for Mutual Funds sponsored by entities related to the BRLMs, Syndicate members and any persons related to the BRLMs or Syndicate members cannot apply in the Offer under the Anchor Investor Portion.

29. Our Company shall ensure that any transactions in the Equity Shares by our Promoter and the Promoter Group during the period between the date of registering the Red Herring Prospectus filed in relation to this Offer with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue of up to [●] Equity Shares, aggregating up to ₹ 4,000.00 million by our Company and an Offer for Sale of up to 4,383,320 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders.

The Offer for Sale

Each of the Selling Shareholders will be entitled to the respective proportion of the proceeds of the Offer for Sale after deducting their portion of the Offer related expenses. Other than the listing fees for the Offer and expense on account of corporate advertisements of the Company (which shall be exclusively borne by our Company), all cost, fees and expenses in respect of the Offer will be shared among our Company and the Selling Shareholders in proportion of the proceeds received for the Fresh Issue and their respective portion of Offered Shares, as may be applicable, upon the successful completion of the Offer. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. However, in the event that the Offer is withdrawn by our Company for any reason whatsoever, all the Offer related expenses will be borne by our Company. Further, for ease of operations, expenses of the Selling Shareholders may at the outset be borne by our Company and each Selling Shareholder shall reimburse our Company for expenses incurred by our Company on behalf of such Selling Shareholders, in relation to the Offer, upon successful completion of the Offer in the manner as prescribed under applicable law and agreed amongst the Company and the Selling Shareholders.

The Fresh Issue

Our Company proposes to utilize the funds which are being raised through the Fresh Issue, up to ₹ 4,000.00 million, after deducting the Offer related expenses to the extent payable by our Company with respect to the Fresh Issue, towards funding the following objects (collectively, referred to herein as the "**Objects**"):

1. repayment/pre-payment, in full or part, of certain borrowings; and

2. general corporate purposes.

In addition to the aforementioned Objects, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges.

The main objects clause as set out in the MoA enables our Company to undertake our existing activities and the activities for which funds are being raised by our Company through the Fresh Issue. The activities which have been carried out until now by our Company are valid in terms of the objects clause of our MoA.

In addition, we believe that the listing of our Equity Shares will enhance our visibility and brand name among existing and potential customers.

Net Proceeds

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

(in ₹ million)

Particulars	Estimated Amount
Gross proceeds of the Fresh Issue	4,000.00
(Less) Offer expenses to the extent applicable to the Fresh Issue(1)	[●]
Net Proceeds	**[●]**

(1) *To be finalised upon determination of the Offer Price.*

Requirement of funds and Utilization of Net Proceeds

The proposed utilization of the Net Proceeds is set forth in the table below:

(in ₹ million)

Particulars	Estimated Amount
Repayment/pre-payment, in full or part, of certain borrowings availed of by our	3,000.00

Particulars	Estimated Amount
Company	
General corporate purposes*	**[●]**
Net Proceeds	**[●]**

**To be finalised upon determination of the Offer Price. The amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.*

Proposed Schedule of Implementation and Deployment of Net Proceeds

The Net Proceeds are to be deployed in accordance with the schedule set forth below:

(in ₹ million)

Particulars	Amount proposed to be financed from Net Proceeds	Estimated Utilization of Net Proceeds
		Fiscal 2019
Repayment/pre-payment, in full or part, of certain borrowings availed of by our Company	3,000.00	3,000.00
General corporate purposes*	[●]	[●]
Total	[●]	[●]

**To be finalized upon determination of Offer Price. The amount utilized for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.*

Means of Finance

The fund requirements for the Objects are proposed to be entirely funded from the Net Proceeds. In case of a shortfall in raising requisite capital from the Net Proceeds, business considerations may require us to explore a range of options including utilising our internal accruals. We believe that such alternate arrangements would be available to fund any such shortfalls.

The above fund requirements are based on internal management estimates of amounts outstanding under certain borrowings availed of by our Company, interest rates and other charges, and the financing and other agreements entered into by our Company and have not been appraised by any bank or financial institution or independent agency or verified by the BRLMs. These are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further information on factors that may affect these estimates, see "***Risk Factors - We cannot assure you that the deployment of the Net Proceeds in the manner intended by us will result in an increase in the value of your investment.***" on page 32.

As the entire requirement of funds for the Objects of the Fresh Issue are proposed to be met from the Net Proceeds, we confirm that there is no requirement to make firm arrangements of finance towards at least 75% of the stated means of finance through verifiable means, excluding the amount to be raised through the Fresh Issue.

Details of the Objects of the Fresh Issue

1. Prepayment/Repayment, in full or part, of certain outstanding indebtedness availed of by our Company

We avail majority of our fund based and non-fund based facilities in the ordinary course of business from various banks and financial institutions. For further information on the financial indebtedness availed of by our Company, see "***Financial Indebtedness***" on page 455.

As of April 30, 2018, we had total secured borrowings (long term and short term) of ₹ 9,255.39 million and total unsecured borrowings (long term and short term) of ₹ 851.69 million. Our Company proposes to utilise an aggregate amount of ₹ 3,000.00 million from the Net Proceeds towards prepayment or scheduled repayment, in full or in part, of the loans availed of by our Company. The selection and extent of loans proposed to be prepaid and/or repaid from our Company's loans mentioned below will be based on various commercial considerations including, among others, the interest rate of the relevant loan, prepayment charges, the amount of the loan outstanding and the remaining tenor of the loan. Given the nature of these borrowings, the terms of prepayment and the terms of repayment, the aggregate outstanding amounts under these loans may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of its existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for prepayment or repayment of any such refinanced loans or additional loan facilities obtained by it. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or scheduled repayment of loans (including refinanced or additional loans availed, if any), in part or full, would not exceed ₹ 3,000.00 million. The prepayment or scheduled repayment will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that the debt to equity ratio of our Company will improve significantly enabling us to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

The following table provides details of outstanding loans (excluding sales bill discounting, sales/purchase invoice bill discounting, buyer's credit and letter of credit facilities availed by our Company) availed of by our Company as on April 30, 2018, on a consolidated basis, which we propose to prepay or repay, in full or in part, from the Net Proceeds for an aggregate amount of ₹ 3,000.00 million without any obligation to any banks/financial institutions:

(*in ₹ million, unless otherwise specified*)

Lender	Nature and purpose of loan facility availed	Sanctioned Amount			Rate of interest as on April 30, 2018 (p.a.)	Repayment Schedule**	Prepayment Penalty	Amount outstanding as on April 30, 2018*
		Currency	Amount (*in relevant foreign currency*)	Amount (*in ₹*)				
State Bank of India	Term loan facility	INR	720.00	720.00	3.00% above MCLR rate	72 monthly instalments	2.00% of the amount to be prepaid	686.75
	Term loan facility	INR	400.00	400.00	3.00% above MCLR rate	72 monthly instalments	2.00% of the amount to be prepaid	173.70
	Term loan facility	INR	300.00	300.00	3.00% above MCLR rate	60 monthly instalments	2.00% of the amount to be prepaid	85.88
ICICI Bank Limited	Term loan facility (letter of credit)	INR	250.00	250.00	N.A.	This Limit will be liquidated upon the conversion of the letters of credit into term loan.	N.A.	42.27
	Term loan facility	INR	750.00	750.00	1.70% above the MCLR rate	Sub-limit of ₹ 500.00 million repayable in 15 quarterly instalments Sub-limit of ₹ 250.00 repayable in 25 quarterly instalments	1.00% of the amount to be prepaid	729.36
	Term loan facility	JYP	525.42	288.90	3.00%	16 semi-annual instalments	0.20% of the amount to be prepaid	37.18

Lender	Nature and purpose of loan facility availed	Sanctioned Amount			Rate of interest as on April 30, 2018 (p.a.)	Repayment Schedule**	Prepayment Penalty	Amount outstanding as on April 30, 2018*
		Currency	**Amount (*in relevant foreign currency*)**	**Amount (*in ₹*)**				
	Term loan facility	USD	13.33	600.00	4.24% above the six month LIBOR	10 semi-annual instalments	Applicable prepayment penalty of the amount to be prepaid	270.00
EXIM Bank	Term loan facility	USD	5.00	315.00	4.00% above six month LIBOR (*if availed in USD*) 2.00% above the LTMLR (*if availed in ₹*)	20 quarterly instalments	Discretion of the bank and payment of premium	224.99
	Term loan facility	USD	5.00	330.00	4.00% above the six month LIBOR (*if availed in USD*) Discretion of the bank (*if availed in ₹*)	24 quarterly instalments	Discretion of the bank and payment of premium	308.35
	Term loan facility	INR	400.00	400.00	4.50% above the six month LIBOR	21 quarterly instalments	Discretion of the bank and payment of premium	102.22
	Term loan facility	INR	125.00	125.00	5.00% above six month LIBOR (*if availed in in USD*) 2.50% above the LTMLR (if availed in *in* ₹)	20 quarterly instalments	Discretion of the bank and payment of premium	68.13
Standard Chartered Bank	Term loan facility	USD	5.00	305.50	3.00% above three month LIBOR	20 quarterly instalments	-	168.63
	Term loan facility	USD	8.00	518.00	2.50% above three month LIBOR	20 quarterly instalments	-	539.60
	Term loan facility	USD	5.00	278.25	3.00% above three month LIBOR	16 quarterly instalments	-	33.08
	Term loan facility	USD	6.00	397.20	2.75% above three month LIBOR	20 quarterly instalments	-	323.76
RBL Bank Limited	Term loan facility	INR	400.00	400.00	0.50% above one year MCLR	24 quarterly instalments	Discretion of the bank and payment of premium	405.01

Lender	Nature and purpose of loan facility availed	Sanctioned Amount			Rate of interest as on April 30, 2018 (p.a.)	Repayment Schedule**	Prepayment Penalty	Amount outstanding as on April 30, 2018*
		Currency	Amount (*in relevant foreign currency*)	Amount (*in ₹*)				
IDBI Bank Limited	Term loan facility	INR	320.00	320.00	0.50% above one year MCLR	20 quarterly instalments	2% on the balance amount of loan and for the residual period of prepayment	271.96
Bajaj Finance Limited	Term loan facility	INR	500.00	500.00	10.40%	24 quarterly instalments	-	466.67
Kotak Mahindra Bank	Term loan facility	INR	320.00	320.00	Rate applicable agreed between bank and borrower	20 quarterly instalments	2.00% on the outstanding loan amount	268.96
Indian Bank Limited	Term loan facility	INR	250.00	250.00	2.55% over the applicable base rate	24 quarterly instalments	2.00% of the drawing limit or outstanding, whichever is higher	141.13
	Term loan facility	INR	350.00	350.00	2.25% above one year MCLR	60 monthly instalments	2.00% of the drawing limit or balance outstanding, whichever is higher.	329.24
	Term loan facility	INR	368.00	368.00	1.50% above one year MCLR	20 quarterly instalments	2.00% of the drawing limit or balance outstanding, whichever is higher.	85.46
State Bank of India (*Consortium*)	Working capital facility	INR	1,300.00	1,300.00	2.00% above 1 year MCLR	Repayable on Demand	-	1,055.18
HDFC Bank Limited (*Consortium*)	Working capital facility	INR	300.00	300.00	Linked to HDFC MCLR	Repayable on demand	-	100.00
Standard Chartered Bank (*Consortium*)	Working capital facility	INR	600.00	600.00	Base rate + margin (*if availed in ₹*) LIBOR + margin (*if availed in foreign currency*)	Repayable on demand	-	526.35
IDBI Bank Limited (*Consortium*)	Working capital facility	INR	300.00	300.00	Applicable spread over MCLR	Repayable on demand	-	283.87
ICICI Bank Limited (*Consortium*)	Working capital facility	INR	400.00	400.00	Applicable spread above one year MCLR	Repayable on Demand	-	342.33
Indian Bank Limited (*Consortium*)	Fund based	INR	300.00	300.00	2.00% above one year MCLR	Repayable on Demand	-	150.00

Lender	Nature and purpose of loan facility availed	Sanctioned Amount			Rate of interest as on April 30, 2018 (p.a.)	Repayment Schedule**	Prepayment Penalty	Amount outstanding as on April 30, 2018*
		Currency	Amount (*in relevant foreign currency*)	Amount (*in ₹*)				
	working capital							
RBL Bank Limited	Working capital facility	INR	250.00	250.00	0.50% above one year MCLR	Repayable on demand	-	250.00
Total				**11,935.85**				**8,470.06**

Note: Excluding sales bill discounting, sales/purchase invoice bill discounting and letter of credit facilities availed by our Company.
** As per certificate issued by our Statutory Auditors dated June 8, 2018.*
*** The repayment schedule is based on the total sanctioned amount for each of the financing arrangements.*

As per the certificate dated June 8, 2018 issued by our Statutory Auditors, the amounts drawn down under above-mentioned loans have been utilized towards purposes for which such loans have been sanctioned. For further information on the terms and conditions of these financing arrangements, see "***Financial Indebtedness***" on page 455.

Our Company will approach the lenders after completion of this Offer for repayment/prepayment of the above loans. The amounts under our loan facilities may be dependent on various factors and may include intermediate repayments and drawdowns. Accordingly, it may be possible that amount outstanding under our loan facilities may vary from time to time. We may, from time to time, repay, refinance, enter into further financing arrangements or draw down funds from any such existing term loan facilities. In such event, we may utilize the Net Proceeds towards repayment/pre-payment of any existing or additional indebtedness which will be selected based on various commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan, any conditions attached to the borrowings restricting our ability to pre-pay/repay the borrowings, receipt of consents for pre-payment from the respective lenders and applicable law governing such borrowings. In the event that the outstanding amounts were to vary prior to filing of the Red Herring Prospectus with the RoC, we may revise our utilization of the Net Proceeds towards repayment of amounts under the identified loans, subject to compliance with the SEBI ICDR Regulations, Companies Act and other applicable laws. However, the aggregate amount to be utilized from the Net Proceeds towards repayment/prepayment of loans, in part or full, will not exceed ₹ 3,000.00 million.

We may be required to obtain the prior consent of or notify certain of our lenders prior to the repayment. Further, we may be subject to the levy of pre-payment penalties or premiums, depending on the facility being repaid/prepaid, the conditions specified in the relevant documents governing such credit facility and the amount outstanding/being pre-paid/repaid, as applicable. Payment of pre-payment penalty or premium, if any, shall be made by our Company from the Net Proceeds. If the Net Proceeds are insufficient to the extent required for making payments for such pre-payment penalties or premiums, such excessive amount shall be met from our internal accruals.

2. *General corporate purposes*

The Net Proceeds will first be utilized for repayment/pre-payment, in full or part, of certain borrowings of our Company, as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds towards general corporate purposes and the business requirements of our Company and Subsidiaries, as approved by our Board, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the gross proceeds of the Fresh Issue, in compliance with the SEBI ICDR Regulations.

Such general corporate purposes may include capital expenditure, strategic initiatives, partnerships, joint ventures and acquisitions, meeting fund requirements which our Company may face in the ordinary course of business, investments into our Subsidiaries, part or full repayment/prepayment of debt of our Company or any of our Subsidiaries, and meeting working capital requirements incurred in the ordinary course of business towards salaries and wages, rent, administration expenses, insurance related expenses, repairs and maintenance and the payment of taxes and duties and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act. Our management will have the flexibility in utilizing surplus amounts, if any, as may be approved by the Board or a duly appointed committee from time to time. In case of variation in the actual utilization of funds designated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, which are not applied to the other purposes, set out above.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, underwriting fees, selling commission, fees payable to the BRLMs, fees payable to legal counsels, fees payable to the Registrar to the Offer, Escrow Collection Banks to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to Registered Brokers, Collecting RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. Each of the Selling Shareholders will be entitled to the respective proportion of the proceeds of the Offer for Sale after deducting their portion of the Offer related expenses. Other than the listing fees for the Offer and expense on account of corporate advertisements of the Company (which shall be exclusively borne by our Company), all cost, fees and expenses in respect of the Offer will be shared among our Company and the Selling Shareholders in proportion of the proceeds received for the Fresh Issue and their respective portion of Offered Shares, as may be applicable, upon the successful completion of the Offer. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. However, in the event that the Offer is withdrawn by our Company for any reason whatsoever, all the Offer related expenses will be borne by our Company. Further, for ease of operations, expenses of the Selling Shareholders may at the outset be borne by our Company and each Selling Shareholder shall reimburse our Company for expenses incurred by our Company on behalf of such Selling Shareholders, in relation to the Offer, upon successful completion of the Offer in the manner as prescribed under applicable law and agreed amongst the Company and the Selling Shareholders. The estimated Offer expenses are as follows:

(in ₹ million)

S. No	Activity	Estimated amount* (*in ₹ million*)	As a % of total estimated offer Expenses*	As a % of Offer Size*
1.	Fees payable to the BRLMs (including underwriting commission, brokerage and selling commission payable to members of the syndicate)	[●]	[●]	[●]
2.	Selling commission and processing fees for SCSBs (1)(2) and Bidding Charges(3)(4) for Registered Brokers, RTAs and CDPs	[●]	[●]	[●]
3.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
4.	Other expenses:			
	(i) Listing fees, SEBI filing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
	(ii) Printing and stationery expenses, advertising and marketing expenses for the Offer and fees payable to the legal counsels	[●]	[●]	[●]
	(iii) Other Advisors to the Offer	[●]	[●]	[●]
	(iv) Miscellaneous	[●]	[●]	[●]
	Total Estimated Offer Expenses	[●]	[●]	[●]

* *To be incorporated in the Prospectus after finalization of the Offer Price.*

(1) Selling commission payable to the SCSBs on the portion for Retail Individual Investors and portion for Non-Institutional Investors, which are directly procured by them would be as follows:

*Portion for Retail Individual Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*
No additional processing/uploading charges shall be payable by our Company to the SCSBs on the applications directly procured by them.

(2) Processing fees payable to the SCSBs on the portion for Retail Individual Investors, portion for Non-Institutional Investors, which are procured by the members of the Syndicate/Sub-Syndicate/Registered Brokers/RTAs/CDPs and submitted to SCSBs for blocking would be as follows:

Portion for Retail Individual Investors	*₹ [●] per valid Bid cum Application Forms* (plus applicable taxes)*
Portion for Non-Institutional Investors	*₹ [●] per valid Bid cum Application Forms* (plus applicable taxes)*

**Based on valid Bid cum Application Forms*

(3) Selling commission on the portion for Retail Individual Investors, the portion for Non-Institutional Investors which are procured by Syndicate Members (including their Sub-Syndicate Members) Registered Brokers, RTAs, CDPs would be as follows:

*Portion for Retail Individual Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*

** Amount allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

Bidding Charges: ₹ [●] (plus applicable taxes) per valid application bid by the Members of the Syndicate (including their sub-syndicate Members).

Note: The brokerage/selling commission payable to the Syndicate/sub-syndicate members will be determined on the basis of the ASBA Form number/series, provided that the application is also bid by the respective Syndicate/sub-syndicate member. For clarification, if an ASBA bid on the application form number/series of a Syndicate/sub-syndicate member, is bid for by an SCSB, the brokerage/selling commission will be payable to the SCSB and not to the Syndicate/sub-syndicate member. The brokerage/selling commission payable to the SCSBs, RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid book of either of the Stock Exchanges. The bidding charges payable to the Syndicate/sub-syndicate members will be determined on the basis of the bidding terminal ID as captured in the Bid book of the Stock Exchanges. Payment of brokerage/selling commission payable to the sub-brokers/agents of the sub-syndicate members shall be handled directly by the sub-syndicate members, and the necessary records for the same shall be maintained by the respective sub-syndicate member.

(4) Selling commission payable to the Registered Brokers, RTAs and CDPs on the portion for Retail Individual Investors, and portion for Non-Institutional Investors which are directly procured by the Registered Broker or RTAs or CDPs or submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Investors	*₹ [●] per valid Bid cum Application Form* (plus applicable taxes)*
Portion for Non-Institutional Investors	*₹ [●] per valid Bid cum Application Form* (plus applicable taxes)*

** Based on valid Bid cum Application Forms*

Amount of bidding charges payable to Registered Brokers, RTAs and CDPs shall be determined on the basis of applications which have been considered eligible for the purpose of Allotment. In order to determine to which Registered Broker/CRTA/CDP, the commission is payable, the terminal from which the bid has been uploaded will be taken into account.

The commission and processing fees shall be payable within 30 Working Days post the date of the receipt of the final invoices of the respective intermediaries by our Company. All of the above are exclusive of applicable taxes.

The Offer expenses shall be payable within 30 working days post the date of receipt of the final invoice from the respective intermediaries by our Company in accordance with the arrangements/agreements with the relevant intermediary.

Interim Use of Funds

Pending utilization for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds only with the scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration. Such deposits will be approved by our Board from time to time. Our Company confirms that, pending utilization of the Net Proceeds for the purposes described above, it shall not use the funds for any investment in any other equity or equity linked securities.

Bridge Loan

Our Company has not raised any bridge loans which are required to be repaid from the Net Proceeds.

Monitoring of Utilization of Funds

Our Company will appoint a monitoring agency for monitoring the utilization of Net Proceeds, as the proposed Fresh Issue exceeds ₹ 1,000.00 million in accordance with Regulation 16 of the SEBI ICDR Regulations. The Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. The Company will disclose the utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors. Further, in accordance with the Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

Variation in Objects of the Fresh Issue

In accordance with Sections 13(8) and 27 of the Companies Act 2013 and the SEBI ICDR Regulations, our Company shall not vary the Objects of the Fresh Issue unless our Company is authorized to do so by way of a special resolution of its Shareholders. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, the Promoter or controlling Shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act 2013 and provisions of Chapter VI A of the SEBI ICDR Regulations.

Appraising Agency

None of the Objects of the Offer for which the Net Proceeds will be utilized has been appraised by any agency.

Other Confirmations

No part of the Net Proceeds will be utilized by our Company as consideration to our Promoter, members of the Promoter Group, Directors, Group Company or Key Managerial Personnel. Our Company has not entered into and is not planning to enter into any arrangement/agreements with Promoter, Directors, Key Managerial Personnel or our Group Company in relation to the utilization of the Net Proceeds.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 5 and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to "***Risk Factors***", "***Business***" and "***Financial Statements***" on pages 17, 173 and 229, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for the Offer Price are:

1. Diversified engineering company with vertically integrated manufacturing capabilities and a focus on providing comprehensive solutions and manufacturing high quality, intricate and critical products, components and parts.

2. Strong in-house process and product design capabilities.

3. Long term and well established relationships with marquee domestic and global OEMs.

4. Extensive manufacturing footprint, with strategically located manufacturing facilities having the ability to interchange capacity and product mix.

5. Experienced management team supported by motivated and skilled work force.

6. Robust financial performance.

For further information, see "***Business - Strengths***" on page 177.

Quantitative Factors

Some of the information presented in this chapter is derived from the Restated Standalone Financial Information and Restated Consolidated Financial Information. For further information, see "***Financial Information***" on page 229.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. Basic and Diluted Earnings per Share

As per our Restated Consolidated Financial Information:

Financial Year/Period ended	Basic EPS (₹)	Diluted EPS (₹)	Basic EPS as adjusted for subsequent sub-division of shares (₹)	Diluted EPS as adjusted for subsequent sub-division of shares (₹)	Weight
March 31, 2017	423.30	423.30	21.16	21.16	3
March 31, 2016	443.33	443.33	22.17	22.17	2
March 31, 2015	206.76	206.76	10.34	10.34	1
Weighted Average	**393.89**	**393.89**	**19.69**	**19.69**	
December 31, 2017*	150.40	150.40	7.52	7.52	

**(Not annualized)*

As per our Restated Standalone Financial Information:

Financial Year/Period ended	Basic EPS (₹)	Diluted EPS (₹)	Basic EPS as adjusted for subsequent sub-division of shares (₹)	Diluted EPS as adjusted for subsequent sub-division of shares (₹)	Weight
March 31, 2017	415.27	415.27	20.76	20.76	3
March 31, 2016	398.40	398.40	19.92	19.92	2
March 31, 2015	300.57	300.57	15.03	15.03	1
Weighted Average	**390.53**	**390.53**	**19.53**	**19.53**	
December 31, 2017*	165.72	165.72	8.29	8.29	

**(Not annualized)*

Note

1. *Earnings per share calculations are done in accordance with Ind AS 33 'Earnings per Share' issued by MCA.*

2. *The face value of each equity share is ₹ 5.*

3. *Basic Earnings per share = Net profit/(loss) after tax, as restated attributable to equity shareholders/Weighted average number of shares outstanding during the period or Financial Year*

4. *Diluted Earnings per share = Net profit/(loss) after tax, as restated attributable to equity shareholders/Weighted average number of diluted Equity Shares outstanding during the period or Financial Year*

5. *Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the Financial Year, adjusted by the number of Equity Shares issued during the Financial Year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the Financial Year.*

6. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. ((EPS x Weight) for each fiscal)/(Total of weights)*

2. Price/Earning ("P/E") Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
Based on basic EPS of ₹ 423.30 as per the Restated Consolidated Financial Information for the year ended March 31, 2017	[●]	[●]
Based on basic EPS of ₹ 415.27 as per the Restated Standalone Financial Information for the year ended March 31, 2017	[●]	[●]
Based on diluted EPS of ₹ 423.30 as per the Restated Consolidated Financial Information the year ended March 31, 2017	[●]	[●]
Based on diluted EPS of ₹ 415.27 as per the Restated Standalone Financial Information for the year ended March 31, 2017	[●]	[●]

Industry P/E ratio*

Particulars	P/E
Highest	44.99
Lowest	25.31
Average	33.67

Source: The highest, lowest and average Industry P/E shown above is based on the industry peer set provided below under "-* ***Comparison with Industry Peers**" on page 108.*

3. Return on Net Worth ("RoNW")

Return on net worth as per Restated Consolidated Financial Information:

Financial Year/Period ended	RONW (%)	Weight*
March 31, 2017	8.17	3
March 31, 2016	9.32	2
March 31, 2015	4.76	1
Weighted Average	**7.99**	
December 31, 2017*	3.00	

**(Not annualized)*

Return on net worth as per Restated Standalone Financial Information:

Financial Year/Period ended	RONW (%)	Weight
March 31, 2017	7.74	3
March 31, 2016	8.00	2
March 31, 2015	6.56	1
Weighted Average	**7.63**	
December 31, 2017*	3.03	

**(Not annualized)*

Note:

1. *Net worth = Paid-up share capital + reserves and surplus (excluding revaluation reserves).*

2. *Return on net worth (%) = Net profit after tax (as restated) divided by net worth at the end of the year/period*

3. *Weighted average RoNW is aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. ((RONW x weight) for each year)/(total of weights)*

4. Minimum Return on Total Net Worth after Offer required to maintain pre-Offer EPS for Financial Year ended March 31, 2017:

Particulars	Floor Price	Cap Price
To maintain pre-Issue basic EPS		
Of ₹ 423.30 as per Restated Consolidated Financial Information	[•]%	[•]%
Of ₹ 415.27 as per Restated Standalone Financial Information	[•]%	[•]%
To maintain pre-Issue diluted EPS		
Of ₹ 423.30 as per Restated Consolidated Financial Information	[•]%	[•]%
Of ₹ 415.27 as per Restated Standalone Financial Information	[•]%	[•]%

5. Net Asset Value ("NAV")

(i) on a consolidated basis, as per the Restated Consolidated Financial Information:

(a) as on December 31, 2017, NAV per Equity Share was ₹ 5,289.9

(b) as on December 31, 2017, NAV per Equity Share adjusted for subsequent subdivision of shares was ₹ 264.50

(c) as on March 31, 2017, NAV per Equity Share was ₹ 5,181.59

(d) as on March 31, 2017, NAV per Equity Share adjusted for subsequent subdivision of shares was ₹ 259.08

(ii) on a standalone basis, as per the Restated Standalone Financial Information:

(a) as on December 31, 2017, NAV per Equity Share was ₹ 5,476.71

(b) as on December 31, 2017, NAV per Equity Share adjusted for subsequent subdivision of shares was ₹ 273.84

(c) as on March 31, 2017, NAV per Equity Share was ₹ 5,365.18

(d) as on March 31, 2017, NAV per Equity Share adjusted for subsequent subdivision of shares was ₹ 268.26

(iii) After the Issue, on a consolidated basis:

(a) At the Floor Price: ₹ [●]

(b) At the Cap Price: ₹ [●]

(iv) After the Issue, on a standalone basis:

(e) At the Floor Price: ₹ [●]

(f) At the Cap Price: ₹ [●]

(v) Issue Price: ₹ [●]

Notes:

1. *Net worth = Paid-up share capital + reserves and surplus (excluding revaluation reserves).*

2. *Restated net asset value per equity share (₹) = Restated net worth as at the end of the period or Financial Year/Total number of equity shares outstanding at the end of the period or Financial Year.*

3. *Issue Price per Equity Share will be determined on conclusion of the Book Building Process.*

6. Comparison with Listed Industry Peers

Following is the comparison with our peer group companies listed in India and in the same line of business as our Company:

Name of the company	Standalone/ Consolidated	Face value (₹ per share)	Closing price on June 4, 2018 (₹)	Total Revenue (in ₹ million)	EPS (₹)		NAV(2) (₹ per share)	P/E(3)	RoNW(4) (%)
					Basic	Diluted(1)			
Company^	Consolidated	100	-	12,101.28	423.30	423.30	5,181.59	-	8.17%
Company^ (as adjusted for subsequent sub-division of shares)	Consolidated	5	-	12,101.28	21.16	21.16	259.08	-	8.17%
PEER GROUP									
Bharat Forge Limited*	Consolidated	2	636.45	85,566.80	16.38	16.38	100.54	38.86	16.11%

Name of the company	Standalone/ Consolidated	Face value (₹ per share)	Closing price on June 4, 2018 (₹)	Total Revenue (in ₹ million)	EPS (₹)		NAV(2) (₹ per share)	P/E(3)	RoNW(4) (%)
					Basic	Diluted(1)			
Endurance Technologies Limited*	Consolidated	10	1,249.95	66,896.87	27.78	27.78	154.47	44.99	17.98%
Sundram Fasteners Limited*	Consolidated	1	621.75	39,110.10	18.40	18.40	73.22	33.79	25.23%
Mahindra CIE Automotive Limited#	Consolidated	10	239.45	66,899.00	9.48	9.46	98.20	25.31	9.65%
Ramkrishna Forgings Limited*	Consolidated	10	763.90	15,131.12	30.23	30.09	232.75	25.39	12.51%

Note: ^ Based on Restated Financial Statements as at March 31, 2017
 # Based on Annual Report as at December 31, 2017
** Based on Financial Results as at March 31, 2018 and for the fiscal year ended March 31, 2018, as disclosed to the Stock Exchanges*

(1) Diluted EPS refers to the diluted earnings per share of the respective company

(2) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.

(3) P/E Ratio has been computed based on the closing market price of the equity shares (Source: BSE) on June 4, 2018, divided by the diluted EPS provided under Note (1).

(4) RoNW is computed as net profit after tax divided by closing net worth.

The trading price of the Equity Shares could decline due to the factors mentioned in the section titled "***Risk Factors***" on page 17 and any other factors that may arise in the future and you may lose all or part of your investments.

7. *The Offer Price is [●] times of the face value of the Equity Shares*

The Offer Price of ₹ [●] has been determined by our Company and Investor Selling Shareholders, in consultation with the Book Running Lead Managers, on the basis of the demand from investors for the Equity Shares through the Book-Building Process. Our Company and the Investor Selling Shareholders, in consultation with the Book Running Lead Managers, is justified of the Offer Price in view of the above qualitative and quantitative parameters. Investors should read the abovementioned information along with "***Risk Factors***", "***Business***" and "***Financial Statements***" on pages 17, 173 and 229, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "***Risk Factors***" or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To

The Board of Directors
Craftsman Automation Limited
1078, Senthil Tower, 4th Floor, Avinashi Road,
Coimbatore,
Tamil Nadu 641018

Subject: Statement of Special Tax Benefits available to Craftsman Automation Limited (the "Company") and its shareholders prepared according to the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended in relation to the proposed initial public offering of equity shares of face value of Rs. 5 each ("Equity Shares" and such offering, the "Offer") of the Company.

1) With respect to proposed Offer, we hereby report that the enclosed statement of special tax benefits available to the Company and its shareholders under the applicable tax laws in India (the "Statement") is in connection with (i) the special tax benefits available to the Company under the Income-tax Act, 1961, presently in force in India, (ii) to the group companies under the direct tax laws of the respective counties and (iii) to the shareholders of the Company under the Income tax Act, 1961, as amended, and presently in force in India.

2) 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 tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

3) The benefits discussed in the enclosed Statement are not exhaustive. Further, the preparation of the Statement and its contents is the responsibility of management of the Company. We are informed that, 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 Offer. Neither are we suggesting nor are we advising the investor to invest money based on this Statement.

4) We do not express any opinion or provide any assurance as to whether:

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

   b. the conditions prescribed for availing of the benefits have been/would be met with.

5) 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.

6) Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

7) The enclosed Statement is intended solely for your information and for inclusion in the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus in connection with the Offer and is not to be used, referred to or distributed for any other purpose without our prior written consent.

8) We hereby consent to the extracts of this certificate being used in the Draft Red Herring Prospectus (the "DRHP"), Red Herring Prospectus ("**RHP**") and Prospectus (together the "**Offer Documents**") of the Company in connection with the Offer.

Yours faithfully,

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S/S200018

S. Narasimhan
Partner
Membership No. 206047

Place: Coimbatore
Date: June 8, 2018

Encl: Statement of Special Tax Benefits

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information outlined below sets out the special tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the direct tax laws in force in India (i.e. applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may or may not choose to fulfill.

I. <u>Special Tax Benefits available to the Company under the Income Tax Act, 1961 (Act):</u>

a) Additional depreciation under section 32(1)(iia) of the Act

The Company is entitled to avail the benefit of additional deduction @ 20% of the actual cost of investment in Plant and Machinery acquired.

b) Deduction under section 80G

Under this section, 100% or 50% deduction is allowed of donation made to specified funds/ Charitable trust. The Company is availing deduction on donation made to the eligible specified funds.

c) Deduction Under section 80JJAA

The Company can avail deduction under section 80JJAA of Act in respect of employment of new employee (who have been employed for a minimum period of 240 days during the year) @ 30% of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

d) Carry forward and set off of losses

As per the provisions of Section 72(1) of the Act, if the net result of the computation of income from business is a loss to the Company, not being a loss sustained in a speculation business, such loss can be set off against any other income and the balance loss, if any, can be carried forward for eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed and shall be set off against business income.

II. <u>Special Tax Benefits available to the Subsidiaries and the Joint Venture Company, under the tax laws of respective countries:</u>

Based on the information and comments made available to us by the management of the Company, none of the subsidiary companies namely Craftsman Automation Singapore Pte Limited and Craftsman Marine B.V. Netherlands and joint venture Carl Stahl Craftsman Enterprises Private Limited have any special benefits available to them.

III. <u>Special Tax Benefits available to the Shareholders under the Act:</u>

There are no special tax benefits available for the shareholders of the Company under the provisions of the Act.

Notes:

1. The above Statement of Special Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis.

2. The above Statement of Special Tax Benefits sets out the Special Tax Benefits available to the Company and its shareholders under the current tax laws presently in force in India;

3. 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, the 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 Offer;

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and the above stated Special Tax Benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

5. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

    - Company or its shareholders will continue to obtain these benefits in future;

    - Conditions prescribed for availing the benefits have been/ would be met with;

    - The revenue authorities/courts will concur with the view expressed herein; and

    - The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Except as otherwise indicated, the information contained in this section is derived from a report titled "Studying the Automotive and Industrial Engineering Business in India" dated May, 2018, prepared by CRISIL Research. Neither we nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current.

Further, in this regard, CRISIL Research has issued the following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Craftsman Automation Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions 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."

Global economy

The International Monetary Fund's (IMF) in April 2018 update of the World Economic Outlook underlines the broad transnational revival in global growth and expects the expansion to continue with global growth estimated to be 3.9% in 2018 and 2019, up from 3.8% in 2017. However, the IMF flagged several downside risks to its forecast. These include protectionist sentiments – waning popular support for global economic integration and inward-looking policies – that harm international trade, geopolitical tensions, and sharp tightening of global financial conditions.

Trade tensions jeopardise US growth

The US real gross domestic product (GDP) growth for the first quarter (Q1) of 2018 was a slower 2.3% on-quarter, as per the advance estimate of the Bureau of Economic Analysis, compared with 2.9% in Q4 of 2017. This was due to a slowdown in personal consumption expenditure (PCE), fixed investment and government spending, which were partially offset by an upturn in private inventory investment and net exports. S&P Global expects US real GDP growth to reach 2.9% in 2018 and 2.6% in 2019, as the tax package and increased fiscal spending support demand.

Growth moderates in Eurozone

The Eurozone or Euro Area (EA-19) (excluding UK) GDP moderated to 0.4% on-quarter (not annualised) in Q1 2018, from 0.7% in Q4 2017, as per the preliminary flash estimate released by Eurostat. S&P Global expects the region's economic expansion to continue at a brisk pace, estimating the 2018 growth at 2.3% and 2019 at 1.9%, from 2.5% in 2017.

During its April 2018 meeting, the ECB maintained its main refinancing rate at 0% and signalled holding the rate steady for an extended period. S&P Global expects the ECB to remain dovish, with the first rate hike expected in Q3 2019. Further, it expects the ECB to normalise its monetary policy similar to the US Fed by first tapering its quantitative easing programme (very gradually from September 2018), then raising rates, and lastly reducing the size of its balance sheet.

Japan's inflation dips in March, reversing a four-month uptrend

Japan finished 2017 stronger, with 1.7% GDP growth compared with 0.9% in 2016, driven by domestic demand. S&P Global expects the momentum to continue, estimating growth at 1.4% in 2018 and 1.2% in 2019. The trade surplus widened to ¥797 billion in March 2018, from ¥603.5 billion a year ago, as exports grew (2.1%) while imports declined (0.6%).

China continues on a strong growth trajectory

China's GDP grew 6.8% on-year in Q1 2018, unchanged from the previous quarter, as per the preliminary estimate. The strong growth was supported by both the manufacturing and services sector. S&P Global expects the economy to grow 6.5% in 2018 and 6.3% in 2019, with the US-China trade dispute being a downside risk.

According to China's official purchasing managers index (PMI), the manufacturing sector slowed on-month compared with the non-manufacturing sector in April 2018. The manufacturing PMI was 51.4%, 10 bps lower on-month, while the non-manufacturing PMI was 54.8% in April 2018, increasing 20 bps on-month

GDP growth (q-o-q, annualised, %)

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
United States	1.8	1.2	3.1	3.2	2.9	2.3
United Kingdom	0.7	0.3	0.2	0.5	0.4	0.1
Euro Area	0.6	0.6	0.7	0.7	0.7	0.4
Japan	1.1	1.9	2.4	2.4	1.6	N/A
China	6.8	6.9	6.9	6.8	6.8	6.8

Improvement	Decline	Unchanged

*Note: #q-o-q, not annualised; *y-o-y*
Source: Statistical Bureau, Respective Countries

Protectionism cloud over global growth

- Trade tensions between the United States and China remained high in March-April 2018. S&P Global estimate that the tariff spat would shave off 10 basis points from the US gross domestic product in 2018 and 2019

- For the first time in 13 months, China posted a trade deficit in March 2018 of $5 billion as exports fell while imports posted double-digit growth, reflecting strong domestic demand

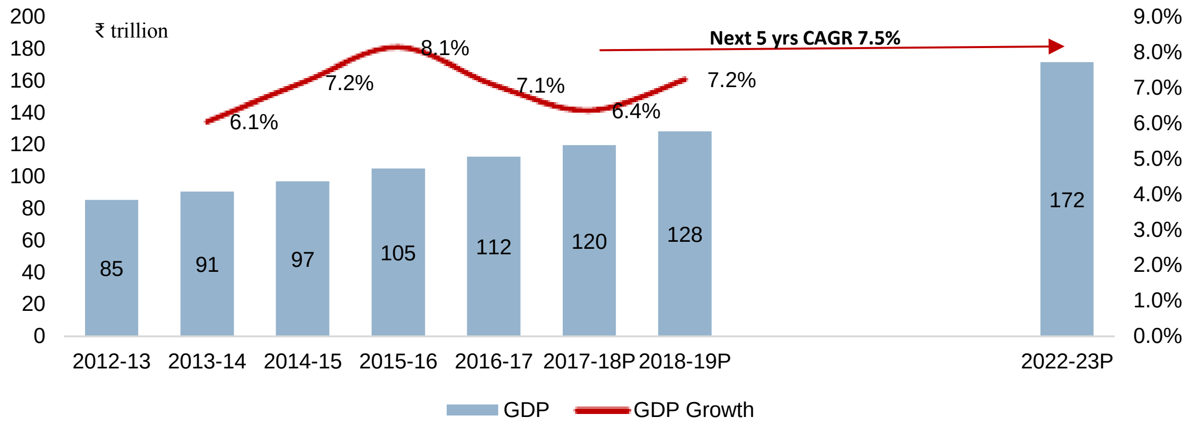
- Shrinking inventories coupled with geopolitical uncertainties in oil-producing nations took crude prices beyond the psychological threshold of $70 per barrel in April 2018

The International Monetary Fund's (IMF) April 2018 update of the World Economic Outlook underlines the broad transnational revival in growth and expects the expansion to continue. The IMF stated world growth strengthened in 2017 to 3.8%, compared with 3.2% in 2016, driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, and a notable upswing in emerging Europe.

Indian Economy

Consumption and investment are the major drivers of any economy. In recent years, India has grown primarily on the engine of consumption. The other engine – of investment – has been decelerating. GDP (at constant fiscal 2012 prices) grew at 7.1% compound annual growth rate (CAGR) between fiscals 2013 and 2018. It slowed between fiscals 2013 and 2014, mainly because of sluggish income growth, high interest rates, and persistently rising inflation. Slowdown in industrial output too, was a factor. Post fiscal 2014, improving industrial activity, lower crude oil prices, and supportive policies led to a recovery. However, demonetisation and rollout of the Goods and Services Tax (GST) put the brakes on GDP growth in fiscal 2017, on the top of dwindling private investment and slower global growth.

Real GDP growth in India



Note: P-Projected
Source: CSO (Central Statistical Organization), CRISIL Research, IMF

Real GDP growth continued the upward trend and jumped to a five-quarter high of 7.2% in Q3 fiscal 2018 from 6.5% in Q2 fiscal 2018, suggesting the economy was steadily recovering from the twin shocks of demonetisation and a bumpy transition to the Goods and Services Tax (GST) regime. The jump was largely on the back of fixed investments, which grew 12% on-year, almost double the pace of 6.9% in Q2 fiscal 2018. Private consumption growth, on the other hand, slowed to 5.6% from 6.6%. Government consumption supported the overall consumption by growing at 6.1%, up from 2.9% in Q2 fiscal 2018.

The external sector was a big drag on GDP with imports rising at 8.7% compared with a muted 2.5% growth in exports in Q3 fiscal 2018.

On the supply side, gross value added (GVA) growth improved to 6.7% in Q3 fiscal 2018 from 6.2% in Q2 fiscal 2018, with a broad-based improvement in all sectors – agriculture (to 4.1% from 2.7%), industry (to 6.8% from 5.9%) and services (to 7.7% from 7.1%). Improvement in industrial growth in Q3 over Q2 was supported by a pick-up in manufacturing growth (to 8.1% from 6.9%) and a sharp upward movement in construction activity (to 6.8% from 2.8%). However, mining growth at -0.1% was a drag.

Private final consumption expenditure (PFCE), the biggest contributor to the demand-side GDP, grew at a slower pace than estimated earlier, both in fiscal 2017 and fiscal 2018. Government final consumption expenditure (GFCE) growth, which spurted to 20.8% in fiscal 2017, largely as a result of implementation of the 7th Pay Commission recommendations, has been revised down to 12.2%.

CRISIL expects the real GDP growth to rebound to 7.2% in fiscal 2019 from 6.4% this fiscal as the transitory disruption from GST implementation would wane and a low base would help. While growth would continue to be driven by consumption – with interest rates expected to remain soft, inflation under control, and implementation of 7th Pay Commission hikes at the state level.

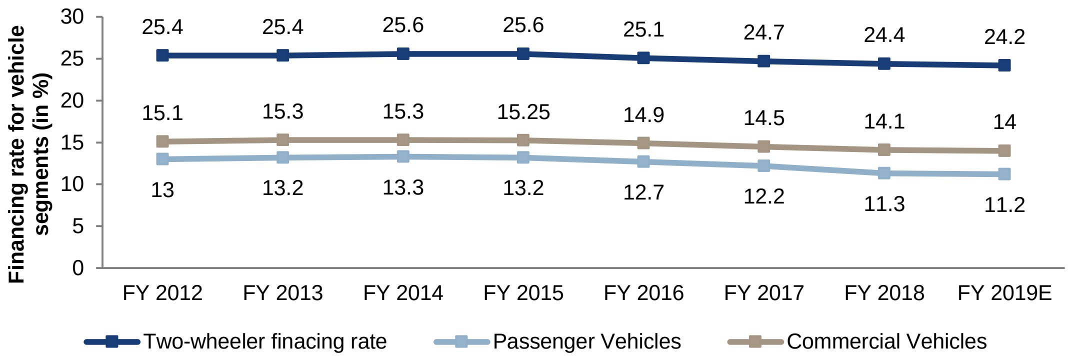
Consumer price index (CPI)-based inflation rose to 4.6% in April, up from 4.3% in March, reversing a three-month trend. Though food inflation was marginally down, fuel inflation rose led by a surge in petrol and diesel inflation and core inflation too jumped led by a broad-based ascent across categories.

Crude oil prices rose ~24% on-year in calendar year 2017 to an average of $54 per barrel on account of OPEC led output cuts coupled with geopolitical issues predominantly in the Middle-East. In November 2016, OPEC decided to cut oil production by 1.2 million barrels per day (mbpd), to firm up prices and ease the prevailing supply glut. Non-OPEC producers and other smaller oil-producing countries also agreed to support prices with an incremental cut of another 0.6 mbpd. The agreement got implemented in January 2017 and oil prices rose ~58% on-year in the first quarter of 2017. However, a rapid ramp-up in shale production since December 2016 last year has acted as a natural check on crude prices, restricting a sharp rebound. US oil production increased 1.9 mbpd since September 2016 and reached ~10.5 mbpd in April 2018. CRISIL expects crude oil prices to be around $68-73 per barrel in 2018. Further CRISIL expects prices to hover around ~$55-60 per barrel over the long term, with a supply glut continuing to persist.

Auto finance yields to remain stable in near term

Overall yields in the auto finance segment are declining since 2-3 years led by softening of retail inflation and reduction in G-sec yields. Also, with the implementation of marginal cost of funds based lending rate (MCLR) regime from April 1, 2016, auto finance rates have dropped significantly, as banks are forced to pass on interest rate benefits to end consumers. This has helped to bring the yields down by 100-130 basis points since fiscal 2015.

Financing rates for vehicle segments



Source: CRISIL Research

CRISIL Research expects the auto finance market to grow at 19-21% CAGR in medium to long term supported by increasing finance penetration, as financiers aggressively expand into untapped markets, offer higher loan-to-value, and banks increase focus on the segment.

Market size of the Indian automobile sector

The two wheelers segment dominates the Indian auto industry (~80% by volumes) and primarily dictates its tone. A robust 8% CAGR (during FY13-FY18 period) in total two wheeler sales accelerated auto industry growth, along with a 4% growth in the passenger vehicles segment. On the other hand, a ~2% growth in commercial vehicles sales and subdued growth in tractors by 6% added to the pressure.

Automobile segments (domestic sales volumes)

Automobile segments	Sales volume, FY18 (million units)	CAGR % FY13-18	Sales volume, FY22P (million units)	CAGR % FY18-FY22P
Commercial vehicles	0.9	1.5%	1.1	6-8%
Passenger vehicles	3.3	4.3%	4.4	7-9%
Two wheelers	20.2	7.9%	26.7	6-8%
Tractors	0.71	6.2%	0.97	7-9%
Off-highway vehicles*	0.08	12.7%	-	-

** calendar year sales numbers*
Source: Society of Indian Automobile Manufacturers, CRISIL Research

Commercial vehicles

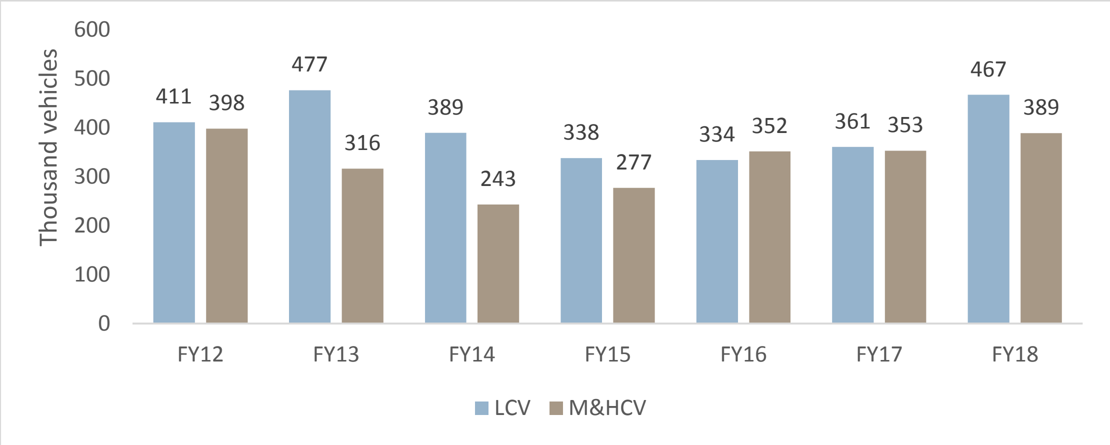
Domestic industry

Between fiscal 2012-13 and fiscal 2017-18, domestic CV sales grew merely by 2% CAGR, wherein medium and heavy CV (MHCV) sales contracted, while sales in light commercial vehicle (LCV) sales decreased. Buses sales, too, failed to show any growth in the past five years.

Sales volume of MHCVs in the past has been volatile due to the cumulative effect of factors such as government policies, industrial production, agricultural output, declining share of roads in the goods transportation resulting in a toll of transporters' cost of operations and profitability. This is reflected in the volume dips during economic slowdowns of fiscal 2008-09 and fiscal 2013-14. Post fiscal 2013-14, the industry started recovering slowly, in line with economic growth.

Sales in February and March was aided by advanced purchases especially in MHCVs as transporters tried to avoid higher prices in new vehicle purchase after enforcement of BS-IV norm.

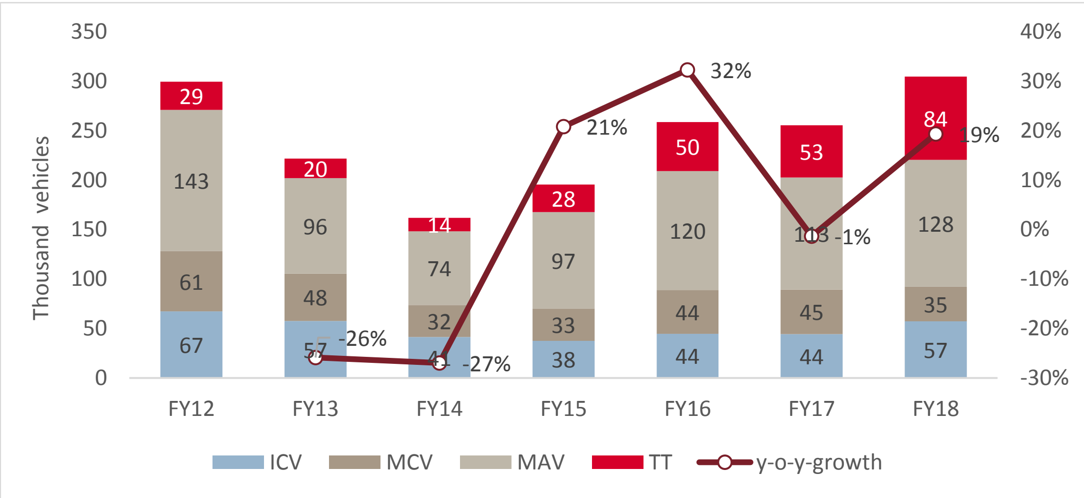
Review of commercial vehicles domestic sales



Source: Society of Indian Automobile Manufacturers, CRISIL Research

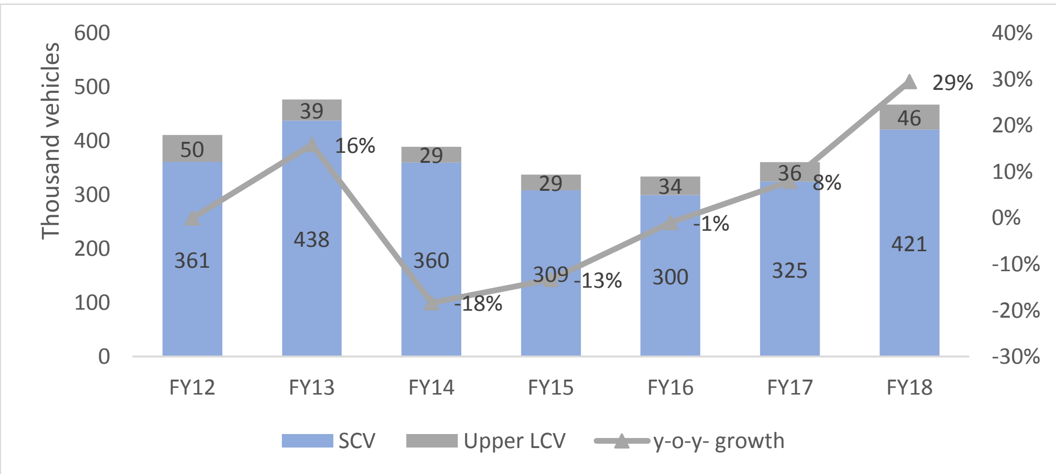
However in fiscal 2017-18, the commercial vehicle witnessed strong recovery and grew by a healthy 20%.

Segment wise sales of MHCV



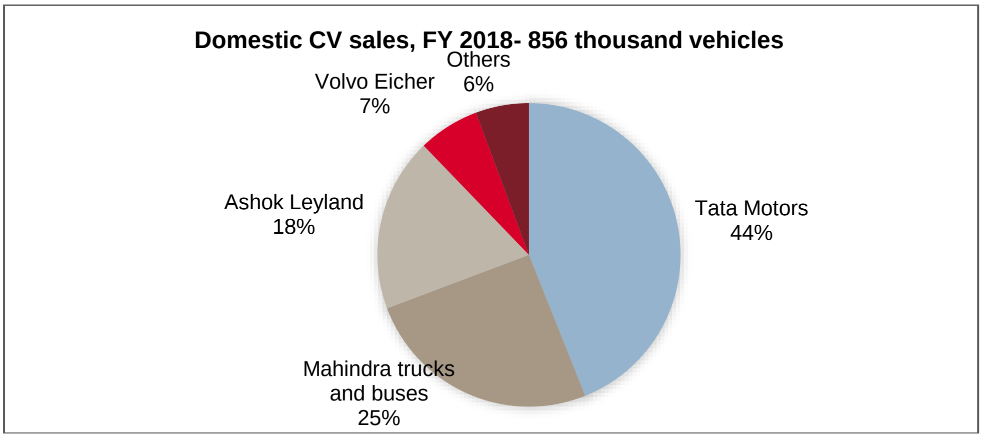
Source: Society of Indian Automobile Manufacturers, CRISIL Research

Segment wise sales of LCVs



Source: Society of Indian Automobile Manufacturers, CRISIL Research

Key OEMs in domestic commercial vehicle market



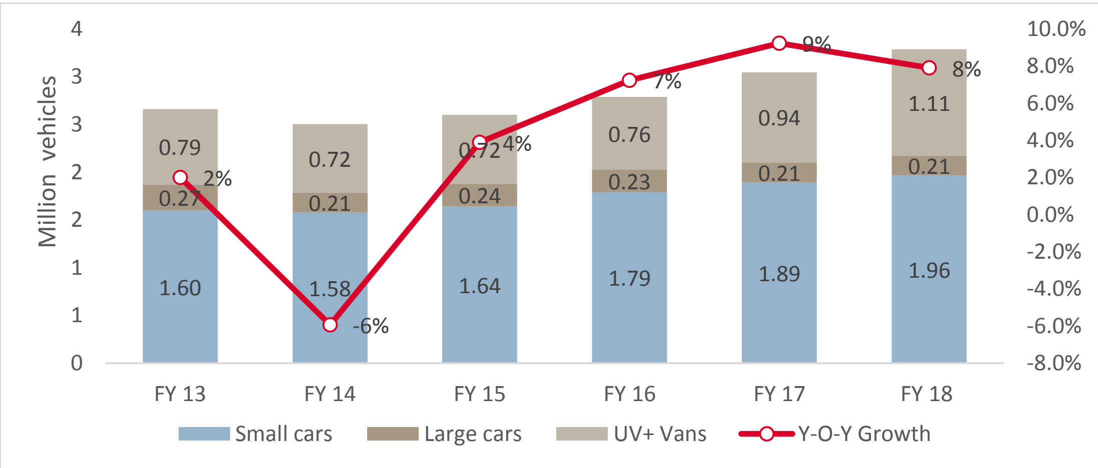
Source: Society of Indian Automobile Manufacturers, CRISIL Research

Domestic sales for key players grew at -3% CAGR for Tata Motors, 7% CAGR for Mahindra Trucks and Buses, 8% CAGR for Ashok Leyland over fiscal 2013 to 2018.

Passenger vehicles

During the period of fiscal 2012-13 to fiscal 2017-18, growth pace tapered from 10% CAGR base to 4% CAGR, primarily due to the dismal sales in FY2012-13 and fiscal 2013-14 owing to slowdown in the economy, and deregulation of petrol and diesel prices, which saw a sharp hike in fuel prices.

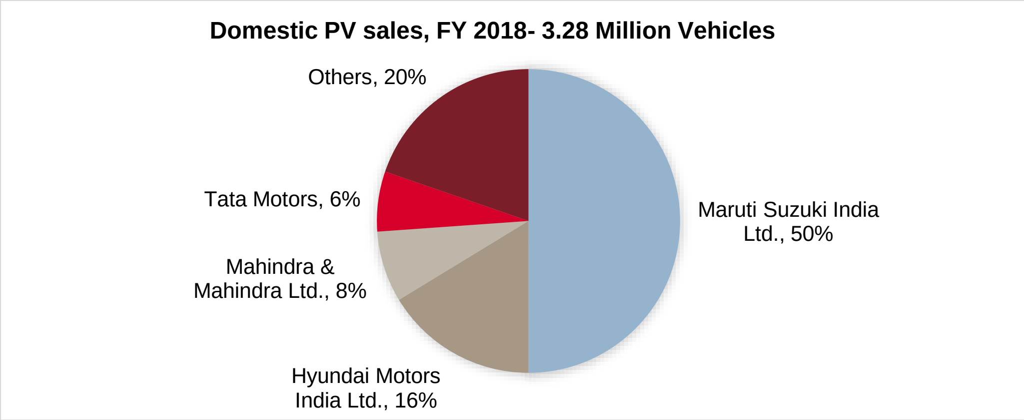
Review of passenger vehicle domestic sales



Source: Society of Indian Automobile Manufacturers, CRISIL Research

In fiscal 18, industry sales grew 8% backed by improved monsoon, better economic indicators, lower fuel cost, interest rate cuts and launch of new models.

Key OEMs in domestic passenger vehicle market

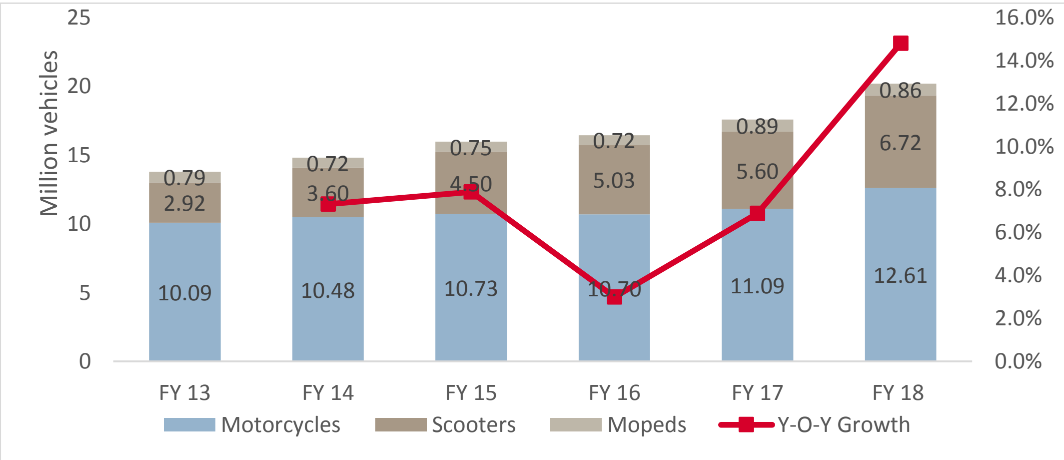


Source: Society of Indian Automobile Manufacturers, CRISIL Research

Domestic sales for key grew at 9% CAGR for Maruti Suzuki, 7% CAGR for Hyundai Motors, -4% CAGR for Mahindra and Mahindra, -8% CAGR for Tata Motors over fiscal 2013 to 2018.

Two wheelers

Review of two wheeler domestic sales



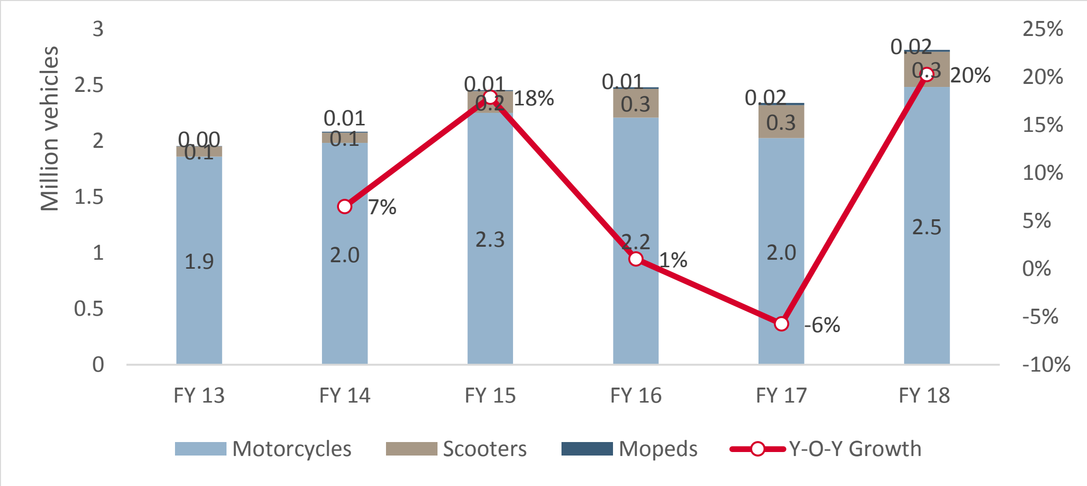
Source: Society of Indian Automobile Manufacturers, CRISIL Research

The domestic two wheeler industry grew by healthy 15% largely driven by growth in scooter segment by 20%; motorcycle segment grew by 14% over a low base and moped was on a declining trajectory.

Exports market

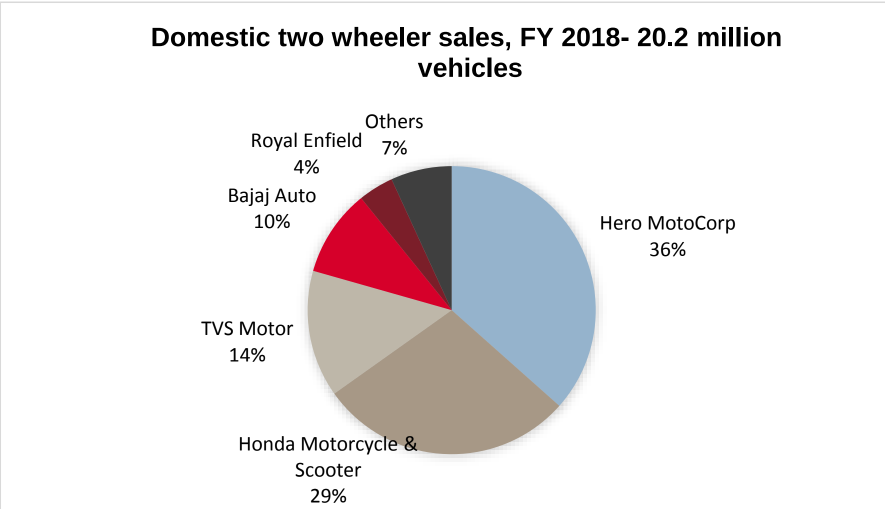
The two wheeler export market grew sharply at 20% in fiscal 2018 which increased the average growth rate from 5% until fiscal 2017 to CAGR of 8% (5 year period) in fiscal 2018. The steep growth from low base in fiscal 17 was as a result of recovery in demand from African nations and also expansion of Original Equipment Manufacturers (OEM) to new geographies.

Review of two wheeler exports



Source: Society of Indian Automobile Manufacturers, CRISIL Research

Key OEMs in domestic two wheeler vehicle market



Source: Society of Indian Automobile Manufacturers, CRISIL Research

Domestic sales for key players grew at 5% CAGR for Hero MotoCorp, 17% CAGR for Honda Motorcycles and Scooters, 10% CAGR for TVS Motors, -4% CAGR for Bajaj Auto and 17% CAGR for Royal Enfield over fiscal 2013 to 2018.

Tractors

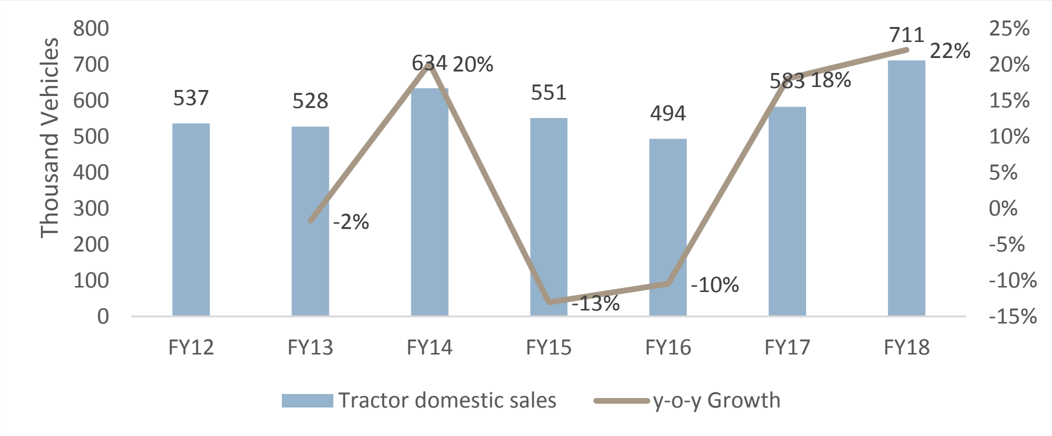
Tractor sales are highly dependent on agriculture incomes, which are dependent on the monsoons. Hence, fluctuation in sales is higher than other automobile segments.

During fiscal 2012-13 to fiscal 2017-18, domestic tractor sales grew at 6% CAGR. While adequate rainfall in fiscal 2013-14 saw tractor sales rise a sharp 19% year-on-year, consecutive years of weak monsoon thereafter restricted demand in fiscal 2014-15 and fiscal 2015-16.

Tractor sales revived in fiscal 2016-17 and fiscal 2017-18, rising 18% and 22% year-on-year respectively, on the back of a normal monsoon with spatial and temporal distribution.

Rainfall distribution has been uneven, with floods and excess rains in Bihar, Gujarat, Rajasthan, and Tamil Nadu, while droughts in Uttar Pradesh, Punjab, and Haryana. However, with sufficient irrigation cover in drought-prone areas, and price support from various state governments, farm income expectations remain positive, despite high base of 2016-17. Moreover, with back-to-back normal monsoons, the financial situation of farmers has improved compared to the stress faced during droughts in 2014-15 and 2015-16. Farm loan waiver announcements in key markets of UP, Maharashtra, and Punjab has also provided the impetus to tractor demand in these states. While commercial demand has taken a hit, with increased government regulation on illegal mining activities, continued focus on rural development – road construction and rural electrification – has helped support non-farm demand.

Review of tractor domestic sales



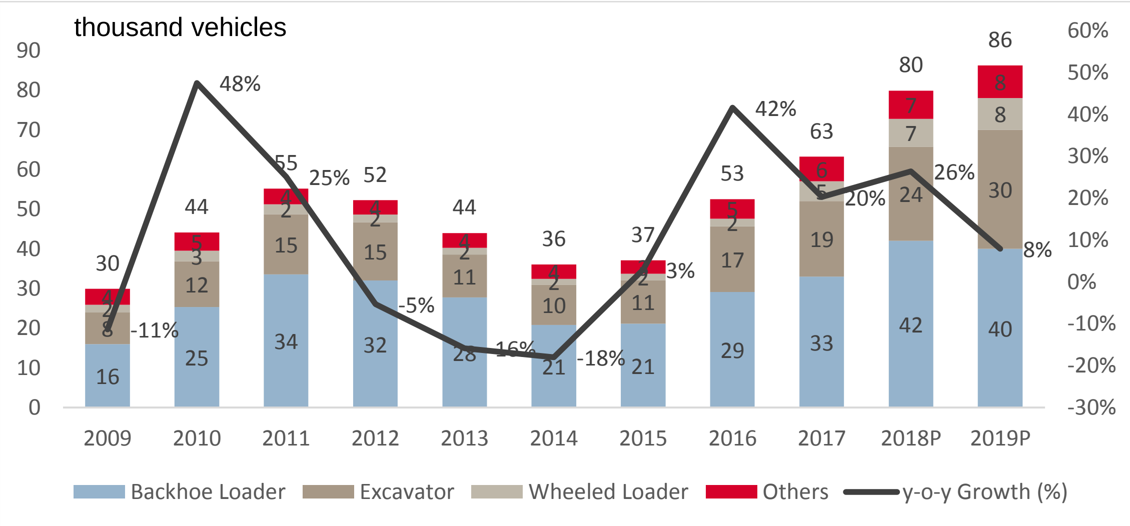
Source: CRISIL Research.

Off-highway vehicles

Volume sales of off-highway vehicle industry surged over 42% year-on-year in 2016 (January to December) to ~52,500 units, as demand for road construction equipment accelerated. The sudden upturn came after a tepid revival in 2015, when sales grew 3-5% year-on-year after declining for three consecutive years.

Backhoe loaders, though, are yet to reach their peak of 33,595 units in 2011. However, earth excavators crossed their earlier peak of 15,155 units achieved in 2011 to reach 16,517 units in 2016.

Off-highway sales show significant growth in 2018



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Source: CRISIL Research

Outlook on Indian automobile industry

Commercial vehicle

MHCV segment to log moderate growth; tonnage growth to be healthy

MHCV sales are likely to grow at a moderate 6-8% compound annual growth rate (CAGR) from fiscal 2018 to 2022 (five-year CAGR), better than the previous five-year CAGR of 2%. However, tonnage addition is expected to be healthy at 8-10% CAGR during this period.

Factors driving MHCV sales will be the improving industrial activity in the country, steady agricultural output, and the government's focus on infrastructure. However, volume growth will be limited due to efficiencies achieved from the goods and services tax (GST), better road infrastructure, along with the commissioning of the dedicated freight corridor (DFC), and a shift to higher tonnage vehicles

Factors driving MHCV growth

- **Healthy industrial growth to aid revival**

  The Indian industry's gross value added (GVA) had been growing tepidly, averaging 5.1% between fiscals 2013 and 2017. But we expect it to grow rapidly over the next five-year period (fiscal 2018-2022), driven by the government's focus on Make in India.

- **Focus on infrastructure and higher mining production to bolster tipper demand**

  Recognising the impetus needed by the economy, the government continued its push on infrastructure when it announced an allocation of ₹ 5.97 lakh crore for infra spending in fiscal 2019, up by over ₹ 1 lakh crore from the previous fiscal. We expect non-coking coal production to expand at ~7% CAGR between fiscals 2018 and 2022, while iron ore mining will also likely grow at a healthy pace during this period, aiding tipper demand.

- **Removal of checkposts and enhanced operations due to better road infrastructure**

  Removal of checkposts post GST has increased truck movement by ~10-15%, with trucks spending less time at checkposts. Moreover, improvement in road infrastructure is expected to increase the average speed of trucks, leading to a further efficiency gain of ~10%. Companies are expected to consolidate state warehouses into larger regional warehouses, which will increase the average load size from manufacturing plants to larger regional warehouses. Thus, the scope to use higher-tonnage MHCVs would broaden.

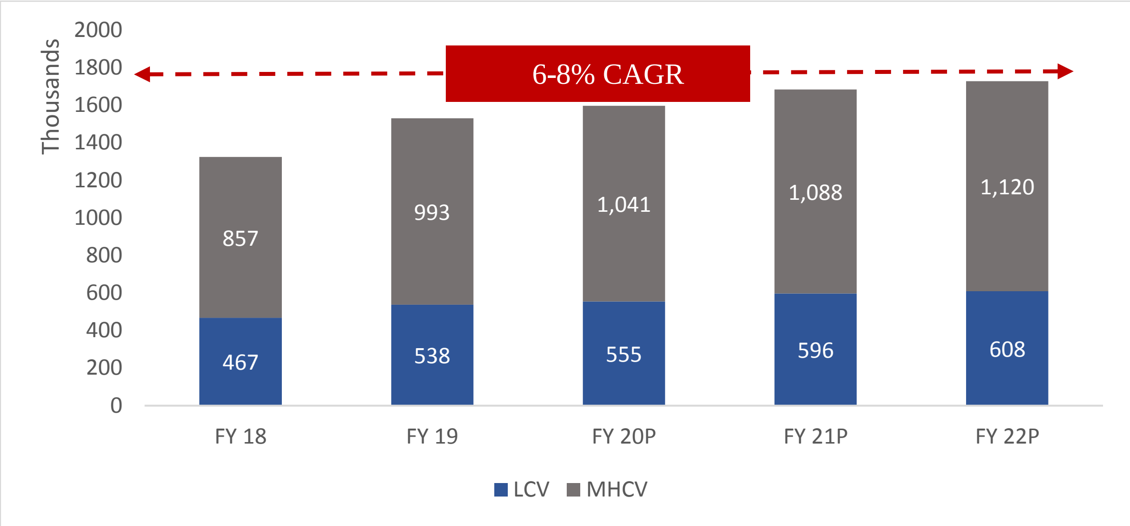
- **Stricter implementation of overloading ban is expected to shift demand to higher tonnage vehicles**

  With stricter implementation of the ban on overloading, sales of 16-tonne MCVs and 25-tonne multi-axle vehicles (MAVs) are already shifting towards 31 and 37 tonne MAVs. Demand for tractor trailers is also moving towards the 49 tonne variants. Within ICVs as well, demand is shifting to the 14/15 tonne (T) variants from lower tonnage ICVs. Incremental strictness in enforcement of overloading ban in select states is expected to aid the shift to higher tonnage vehicles.

- **Small commercial vehicles (SCVs) to drive LCV sales over the long term**

  Light commercial vehicle (LCV) demand is expected to expand at 6-8% CAGR from fiscal 2018 to 2022, due to higher consumption expenditure and improved finance availability. Within LCVs, the shift towards pick-ups (which carry higher loads) from sub-one tonne vehicles will curb sharper growth in sales volume, as fewer trucks will now be required to transport the same quantity of material.

Commercial vehicles domestic sales outlook FY 2018- FY 2022



P: Projected
Source: Society of Indian Automobile Manufacturers, CRISIL Research

Passenger vehicle

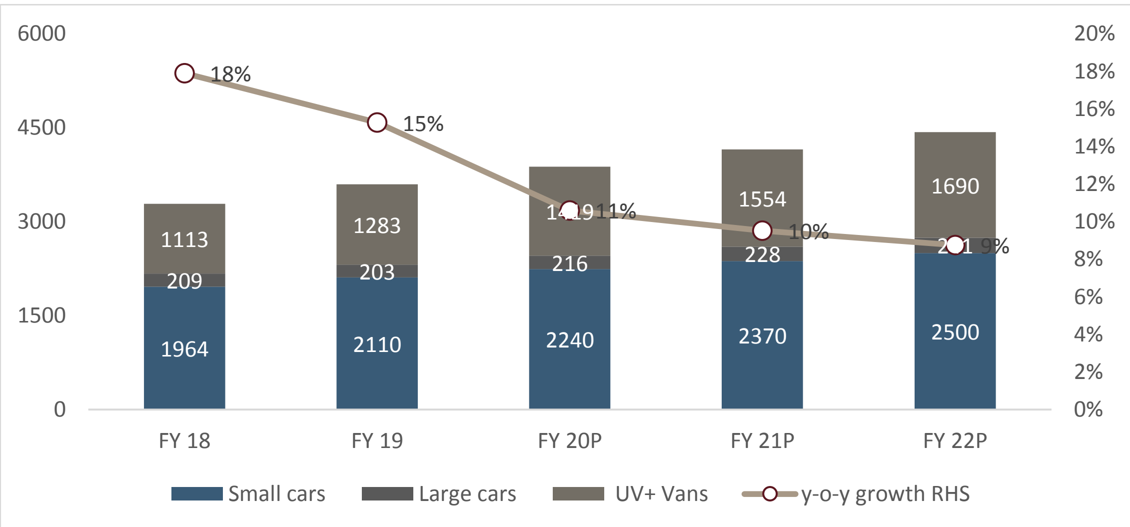
Low penetration, improving affordability, stable ownership cost to boost long-term demand

CRISIL Research projects domestic car and utility vehicle (UV) sales to zoom at a compound annual growth rate (CAGR) of 7-9% from fiscal 2018 to 2022, vis-a-vis 4% CAGR seen from fiscal 2013 to 2018. Growth will be driven by the improving macroeconomic situation, with GDP pegged to grow 6-8% during this period, increasing disposable incomes and the relatively stable cost of vehicle ownership owing to steady fuel oil prices. Other factors aiding demand are increased urbanisation, finance commission payouts and the easy availability of finance. With global automakers flooding India with new models to capitalise on the growth opportunity, buyers will be spoilt for choice.

UVs will continue to drive sales, growth in small cars and large cars will be moderate

The growth trajectory of compact UVs gained momentum in the last five years with aggressive pricing, premium features as well as launches of petrol variants. The proportion of replacement demand will rise as car owners opt for newer models due to higher affordability, competitively-priced launches, and easy availability of finance.

Passenger vehicle domestic sales outlook FY 2018- FY 2022



Note: Small car segment includes Mini, Micro, Compact segment of passenger vehicles, Large car segment includes Super Compact, Mid-size, Executive, Premium of passenger vehicles
Source: Society of Indian Automobile Manufacturers, CRISIL Research

Passenger vehicle exports from India have grown at 4.3% CAGR in the last five years supported by gradual recovery in the global auto industry, increasing penetration of Indian players, expanding exports portfolio as well as efforts of global manufacturers to develop India as an export hub. Global players Ford, Volkswagen, and General Motors (GM) are spearheading passenger exports growth from India. In fact, Ford has already dethroned Maruti as the second largest exporter, with Ford EcoSport being the top exported model in 2017-18

Two wheelers

CRISIL Research over the longer horizon, estimates demand to grow at a robust CAGR of 6-8% till 2019-20, to ~24 million units.

Following are the key growth drivers for two wheelers:

- Growth in affordability, or higher disposable incomes supported by higher GDP growth and lower inflation. CRISIL research expects affordability to improve, especially in rural areas, on the back of better crop output owing to a good monsoon. Muted interest rates are likely to aid demand further. Urban two wheelers growth is expected to be driven by the rising income, greater women workforce and higher urbanisation due to migration.

- Improved finance penetration with the rise in captive financing (schemes provided by automotive OEM affiliates to customers) by automotive OEMs and deeper reach in tier-III and tier-IV cities (which is expected to drive finance penetration), boosting two-wheeler demand.

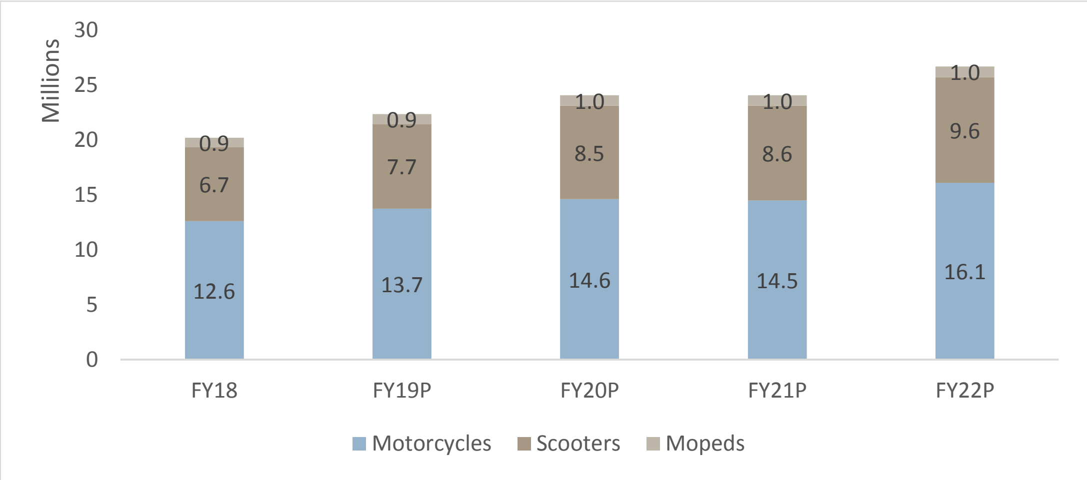
- Continued traction from the Latin American countries and almost stable demand from the Asian markets will help boost exports. Currency woes (fuelled by volatile crude prices) in the key export markets of Africa will remain a key monitorable.

- The under-penetrated rural market will be the key growth segment for the two-wheeler industry. Rising incomes and growth in addressable households will be further aided by better rural connectivity and rising participation of women in both urban and rural areas. Scooter sales are likely to grow at a higher rate than motorcycles over the next five years, due to changing consumer preferences.

- Two-wheeler prices are estimated to rise on account of compliance with the BS-VI norms in fiscal 2021, leading to an impact on sales. We estimate two-wheeler sales volume to marginally decline in fiscal 2021. While the impact is expected to be lower on premium motorcycles and scooters, the impact on price-sensitive mopeds, and economy and executive category motorcycles is estimated to be higher in comparison to scooters too. The implementation of BS-VI norms in 2020-21 will destabilise the growth trajectory, but the industry is expected to rebound within the next year

We expect motorcycle sales to expand at 5-7% CAGR on the back of rural demand and premium launches. Scooter sales is likely to grow at 8-10% CAGR, led by positive structural factors such as convenience, perceived higher utility in intra-city transport, and growth in demand from urban and semi-urban areas.

Two-wheeler domestic sales outlook FY 2018- FY 2022



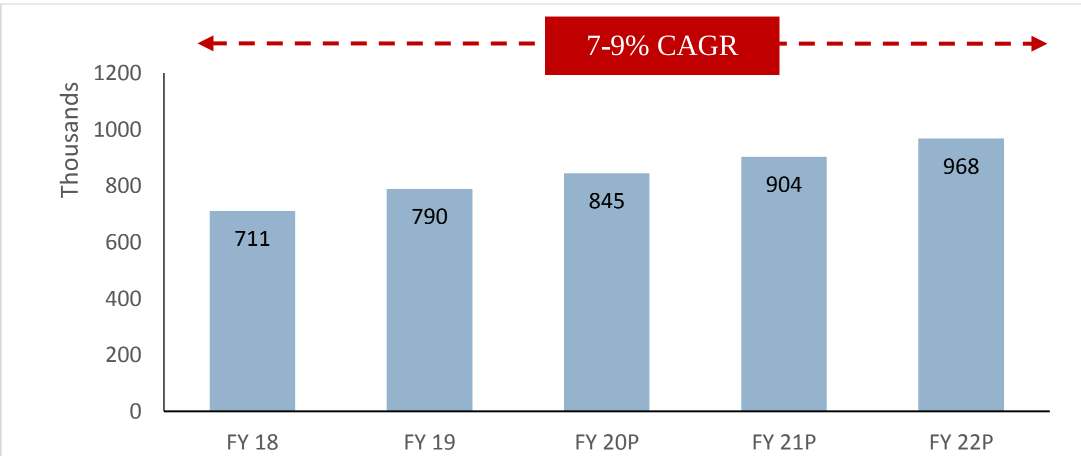
Source: Society of Indian Automobile Manufacturers, CRISIL Research

Tractors

The long term tractor industry CAGR from FY18 to FY22 is expected to be 8-10%

Government's renewed thrust towards improving the rural economy, via measures such as doubling farm income by 2022, increasing spend towards irrigation, and improving crop productivity by distributing soil health cards is expected to drive growth in the long term. This will also be supported by other measures like the e-NAM (National Agriculture Market), expanding crop insurance, and gradual spread of Custom Hiring Centres. With growth in rural wages also decelerating, and increasing mechanization on farm fields, this bodes well for structural tractor demand growth.

Tractor domestic sales outlook FY 2018- FY 2022



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Source: CRISIL Research

Off-highway vehicles

Sales on a high growth trajectory, despite the GST hurdle

Sales volume of the off highway vehicles industry surged over 20% in calendar 2017 to ~63,000 units, as demand for road construction equipment skyrocketed. The sudden upturn came after a tepid revival in calendar 2015, when sales grew 3-5% after declining for three consecutive years.

Sales in the first four months of calendar 2018 have been on a growth trajectory, with substantial growth in the excavator segment, because of focus towards equipment with higher productivity.

GST impacted sales negatively for a short period

The earlier tax rate for the equipment was about 18%. However, with the introduction of GST, most of the equipment got taxed under the 28% tax slab, thus impacting sales in July and August by about 18-20%. Also, as a number of unorganised players purchasing the equipment were unable to claim the credit, they refrained from buying the equipment. However, the tax rate was brought down to 18% in November, after which the industry saw a tremendous rise in sales.

Large players to do better than their smaller counterparts

Large players, such as JCB and Tata Hitachi, have been successful in gradually expanding their market share in the past two years, as success in this industry hinges on product quality, technological competence, and strong brand recall. The entrenched dealer network and strong after-sales service of established players give them an edge over smaller, newer players.

Formalisation of the services market to boost market share of bigger players

The services market for the equipment was dominated by unorganised players. Thus, the purchase decision of a new equipment was price-driven. However, as the after-sales service market formalises and the service infrastructure of OEMs improves, the purchase decision is expected to be more driven by brand than price. This is expected to increase the market share for the bigger players, at least until a comparable service infrastructure is not developed by the new entrants.

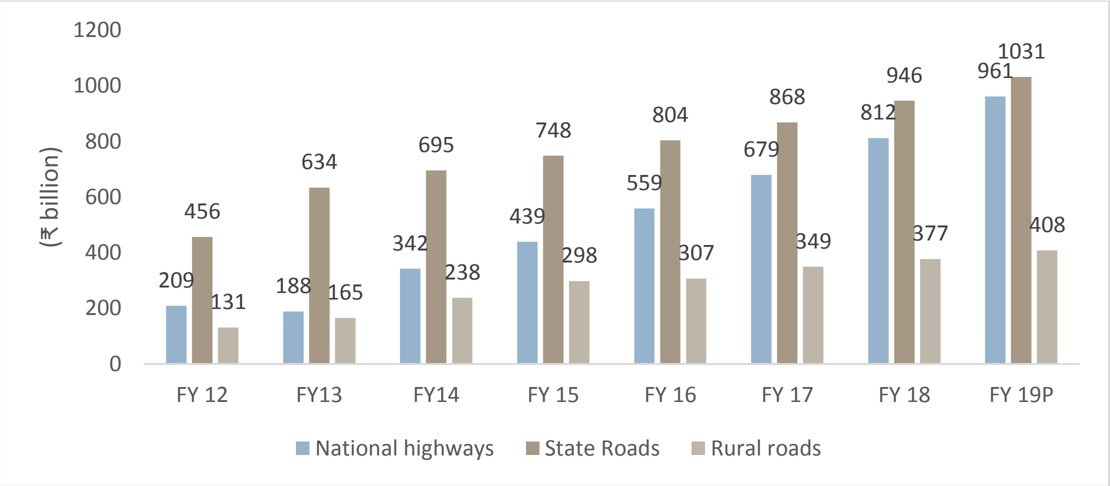
Increasing road and mining investment to spur medium-term growth

The industry saw a sharp downturn between 2012 and 2014 as infrastructure investments slowed on account of policy logjam, delays in project approval, ban on mining in some states, limited access to long-term finance and high interest rates. However, investment in end-user industry have picked up since 2015-16.

Supporting the investment cycle is a projected 2.8 times increase in investments in national highways over 2017-18 to 2021-22, compared with the previous five years. State governments have also allocated a significant portion of their budgets for developing roads. In fact, investment in state roads is expected to increase 1.5 times vis-à-vis the previous five years. The government has allocated ₹ 190 billion in Union Budget 2017-18 towards the Pradhan Mantri Gram Sadak Yojana as well.

Also, considerable construction activity in IT parks, airports and smart cities, and increasing demand for urban infrastructure will aid demand for off-highway vehicles

Investment trend in national highways, state roads and rural roads



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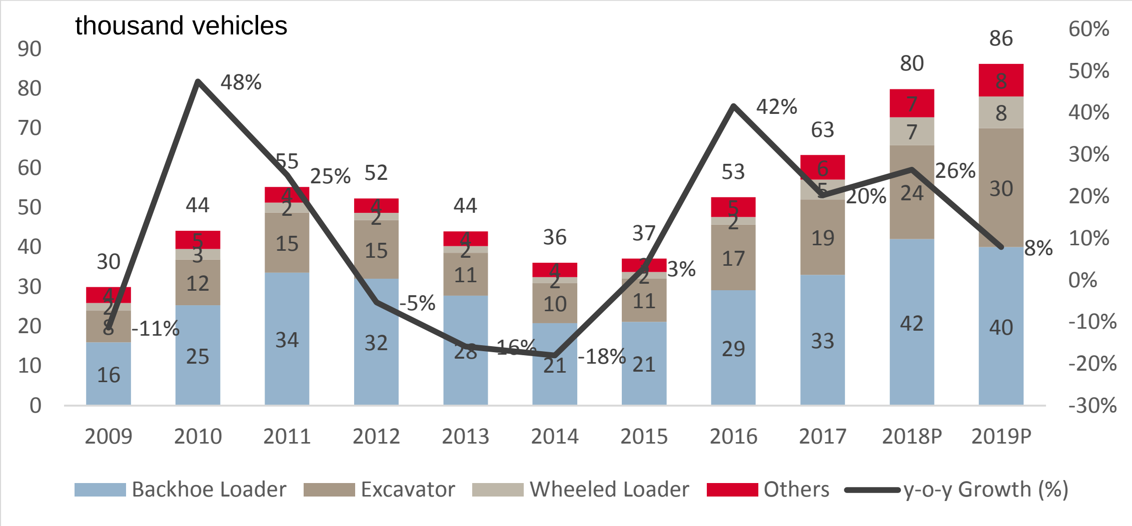
Source: CRISIL Research

Off-highway sales recovering, excavators grab a larger share



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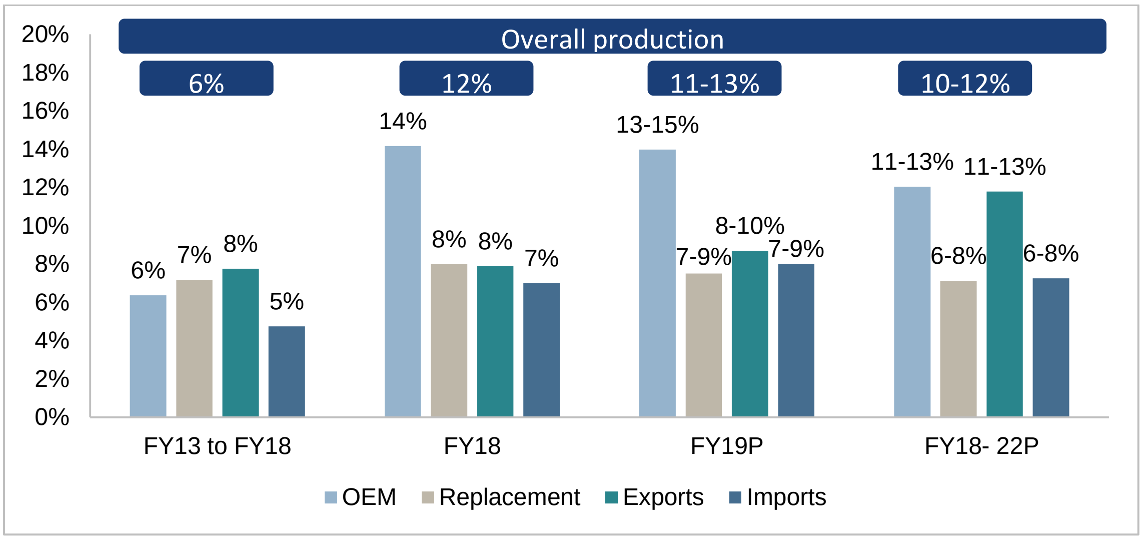
Source: CRISIL Research

Automotive components industry in India

Indian autocomponent industry production grew by 6% CAGR over fiscal 2013 to 2018 led by growth in exports demand. The domestic production is expected to grow at 10-12% over fiscal 2018 to 2022 period driven by robust demand from domestic OEMs as well as exports.

Growth trajectory of auto component sector



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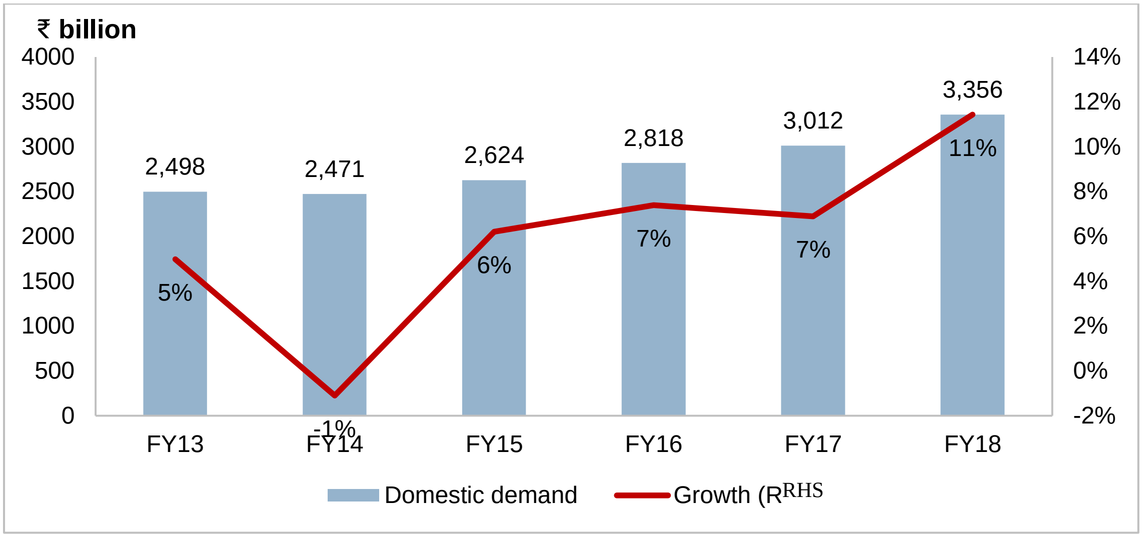
Source: CRISIL Research

Domestic market

Automotive component demand trajectory



Source: CRISIL Research

Domestic demand is primarily from OEMs and the replacement market. Due to an economic downturn in 2013-14, the auto component industry saw the sharpest decline.

In 2017-18, domestic auto-component production is estimated to have grown 12% year-on-year, on the back of a robust 14% year-on-year rise of OEMs and 9% year-on-year increase in exports.

In 2018-19, CRISIL Research projects domestic auto-component production to grow 11-13% on-year, aided by 13-15% year-on-year growth in the OEM segment, with demand from both replacement and exports growing at 7-9% year-on-year.

Over the long term, i.e. between 2017-18 and 2021-22, we expect domestic auto component production to grow at 10-12% CAGR to ~₹ 4,678 billion, with OEM and exports growing at 11-13% CAGR.

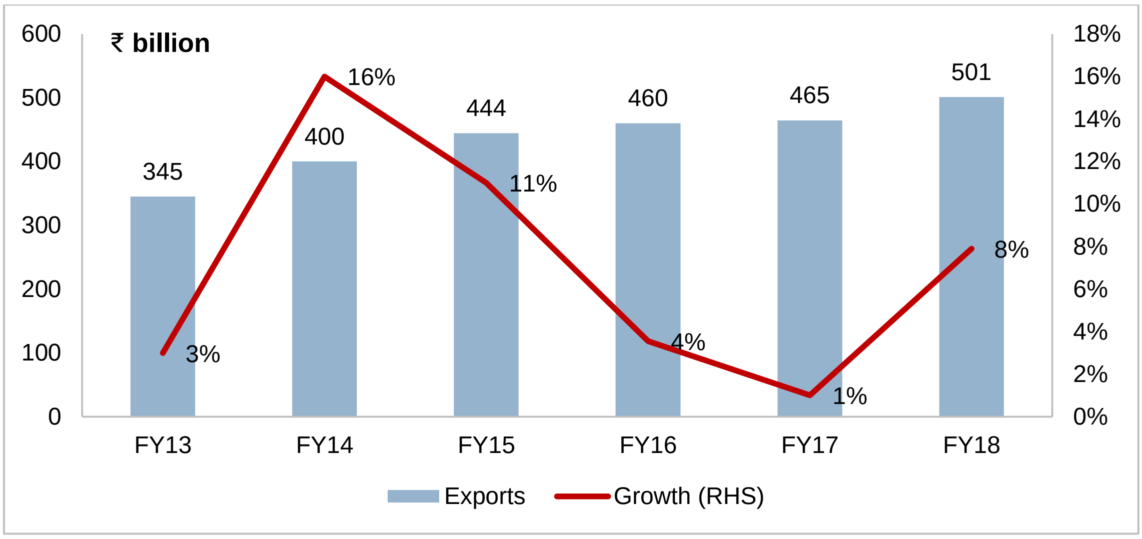
The proportion of manufacturing activity outsourced to auto-component makers is the highest for cars and utility vehicles, explaining the segment's prominence. While outsourcing in the commercial vehicle segment is currently lower, this is expected to increase in the future, owing to rising technological spends by auto-component players. We expect localisation by certain OEMs to increase further, supporting growth in domestic OEM offtake

The replacement market is projected to grow at 6-8% CAGR during 2017-18 and 2021-22, as higher production in the past five years (compared with the 2004-2009 period) will lead to greater replacement demand in the next five years. Demand in the replacement market will rise due to increase in utilisation rate of commercial vehicles and due to the expansion in cab aggregator services

OEM demand is expected to grow to ~₹ 3,230 billion, led by robust vehicle production. Growth will be seen across vehicle segments

Exports

Automotive Component Export's trend



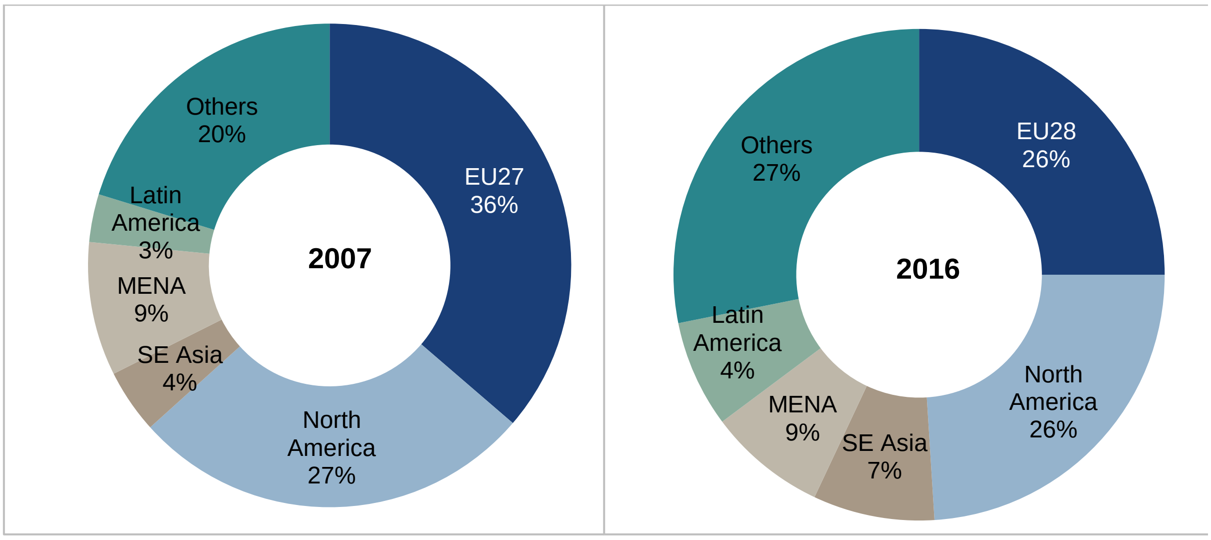
Source: CRISIL Research

Exports have a high correlation with the global economic scenario. Major exports are to North America and the EU. Their share in the pie is almost half.

Penetration of Indian automotive components in major markets is minuscule -- India's exports stand at less than 1% of global exports.

In the last five years, the CAGR of exports was only ~5%, mainly because India exports comprise low value products, viz, chassis, because of lower technology. However, this scenario is changing as on improving technological availability because of collaboration with foreign partners.

India Auto-Component export destination (2016)



Source: UN Comptrade, CRISIL Research

EU 27 includes Austria, Belgium, Bulgaria, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK

EU 28 includes EU27 plus Croatia

MENA- Middle East and North Africa

Indian auto-component makers maximise realisation by exporting over 49% of their output to the NAFTA region and the EU. Though NAFTA and the EU remain key markets, these have been losing share to Latin America and the MENA region.

CRISIL Research projects India's auto component exports will grow 7-9% on-year in fiscal 2018. CRISIL Research forecasts the situation to improve further in fiscal 2019, with exports accelerating 8-10% on-year. This is owing to India being an outsourcing hub and the indigenisation focus of automobile original equipment manufacturers (OEMs) as they strive to lower costs. The situation will likely improve in 2018, with production of class 8 trucks forecast to grow 18-20% and medium-duty truck manufacturing production expected to mirror the US economy, which will move along a slow-but-steady growth trajectory.

Owing to changing regulatory norms, domestic companies will begin to produce components at global standards with the help of joint ventures and technical collaborations. This, accompanied by the structural advantage of India as a low-cost country, is expected to lead to higher penetration, resulting in robust export growth, going forward.

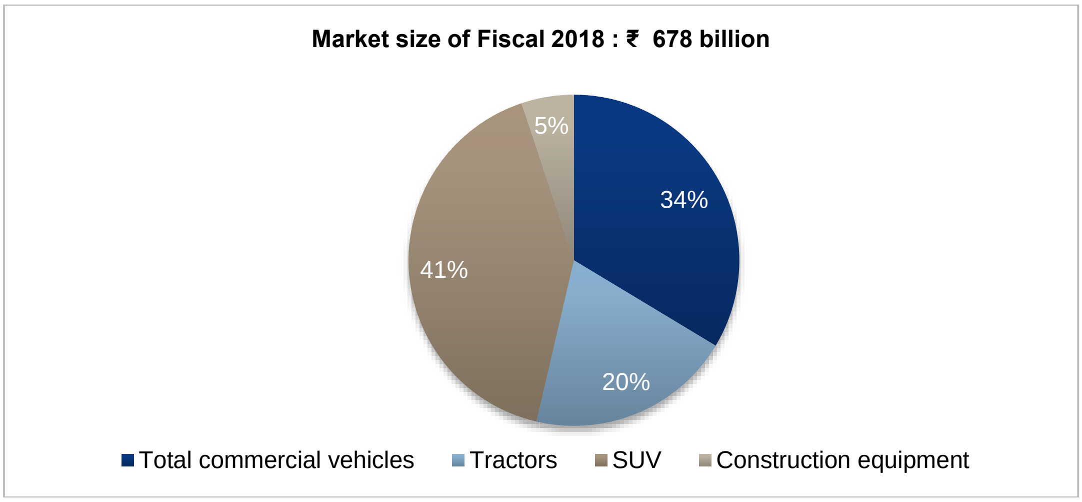
Key regulations across vehicle segments driving up realisation

Upcoming technologies	Segment	Affected vehicle segments	Date of Implementation	Action
BS IV	2 wheeler	All variants	Apr-17	All models (new as well as existing) to be BS IV complaint
	3 wheeler			All models sold from April 2017
	Cars & Uvs			
	Commercial Vehicles			
ABS	2 wheeler	>125 cc	Apr-17	Mandatory for all new model launches from April 2017
			Apr-18	All models (new as well as existing) to have ABS from April 2018
	Commercial Vehicles	PV > 5 tonnes	Apr-16	All models sold from April 2017
		GV > 12 tonnes	Apr-16	
		LCVs carrying LPG cylinders	Apr-16	
CBS	2 wheeler	< 125 cc	Apr-17	Mandatory for all new model launches from April 2017
			Apr-18	All models (new as well as existing) to have ABS from April 2018

Review and outlook of India's powertrain market pertaining to commercial vehicles, off-road vehicles (construction equipment), SUVs and Tractor segment

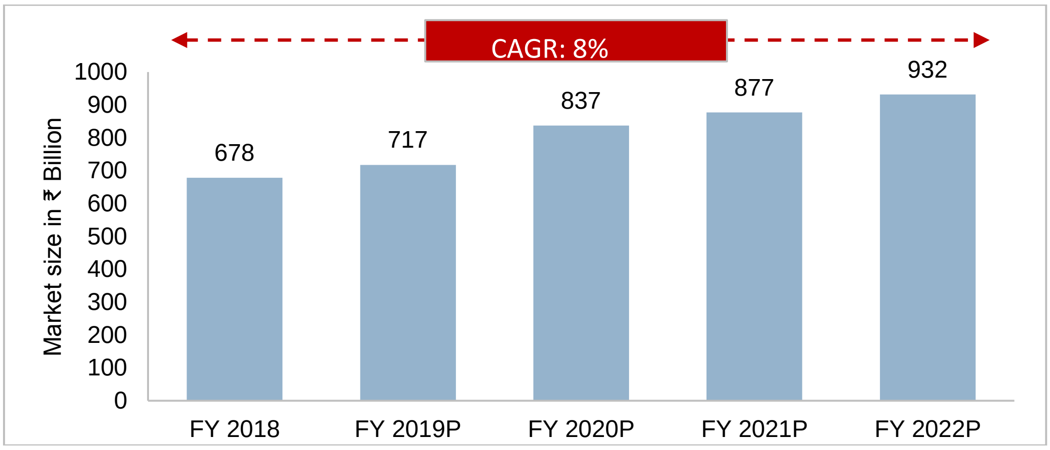
In automobiles, the powertrain comprises all the components required to generate power and transmit it to the wheels. It can be broadly classified into four components – engine & engine parts, transmission, driveshaft and rear axle. The engine burns fuel to produce mechanical power. It comprises several critical components, including crankshaft, pistons, cylinder block, cylinder head, camshaft, engine valves Transmission is commonly known as the gearbox, which transmits power to the wheels through the drive shaft and rear axle. Auto-component companies are engaged in casting, forging and machining of engine parts, transmission parts housing, drive shaft, and rear axle housing, etc.

Powertrain market size split by vehicle segments



Source: CRISIL Research

Powertrain market outlook (FY18-22)



P: Projected
Source: CRISIL Research

The power train market is expected to clock 7-9% CAGR during 2018-2022 period. Commercial vehicle powertrain will grow by 10% in value terms as a result of 8% growth in volumes. SUV's will witness a faster growth compared to commercial vehicle is expected to grow by 13%. Growth will also be supported by tractors and off-road vehicles. Also, Global OEMs are promoting localisation in India because of its cost effectiveness, thereby benefitting component manufacturers.

Key challenges would include:

The central government in April 2017 had decided to skip BS-V and directly implement BS-VI with effect from 2020.Transitioning to BS-VI norms would require significant engine technology changes, including improvements in engine combustion and calibration, increased injection and cylinder pressures, NOx and PM after-treatment solutions and transitioning to electronic controls. Realization would improve as a result of shift towards BS VI norms in 2020, resulting in vehicle prices likely to increase by ₹ 180,000-₹220,000 for Medium & heavy commercial vehicles (MHCVs) and ₹ 25,000-40,000 for SUVs. The same could result in cost implications for auto component manufacturers

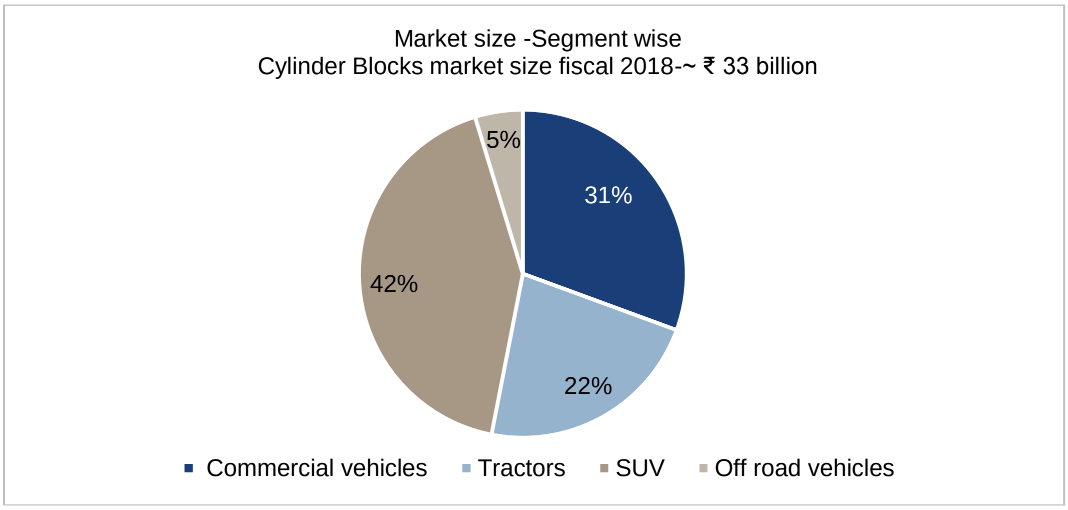
Key players in the powertrain segment

Key Players	Two wheelers/ Three wheelers	Passenger vehicles	Commercial Vehicle	Construction Equipment	Tractor
Avtec Ltd.	✓	✓	✓	✓	✓
Endurance Ltd.	✓				
Jaya Hind industries Ltd.	✓	✓	✓	✓	
Sundaram Clayton	✓	✓	✓		
Alicon cast Alloy	✓	✓			
Ashok Iron works				✓	✓
Continental Engines	✓				✓
DCM engineering Products		✓	✓	✓	✓
Hinduja Foundaries		✓	✓	✓	✓
Nelcast			✓		✓
Kirloskar Ferrous Industries		✓	✓	✓	✓

Source: CRISIL Research

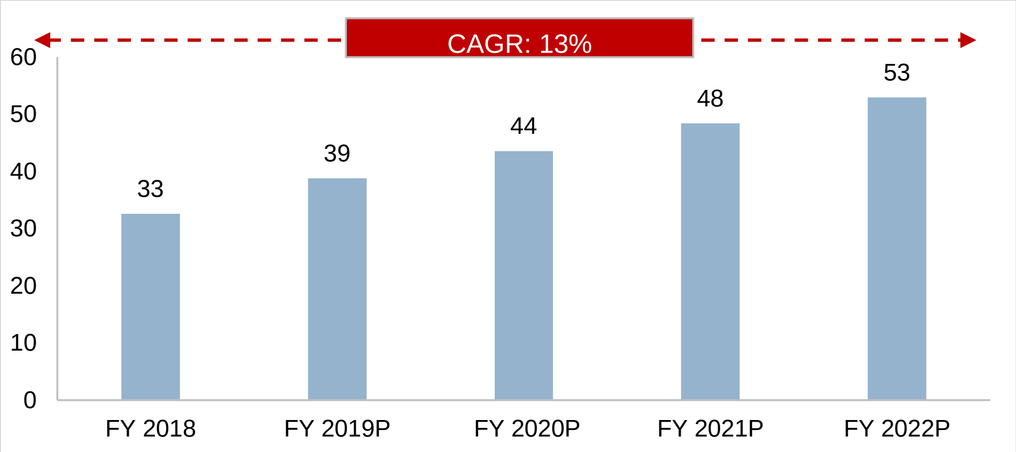
Key components in the powertrain segment

Cylinder block



Source: CRISIL Research

Cylinder Blocks Market Outlook



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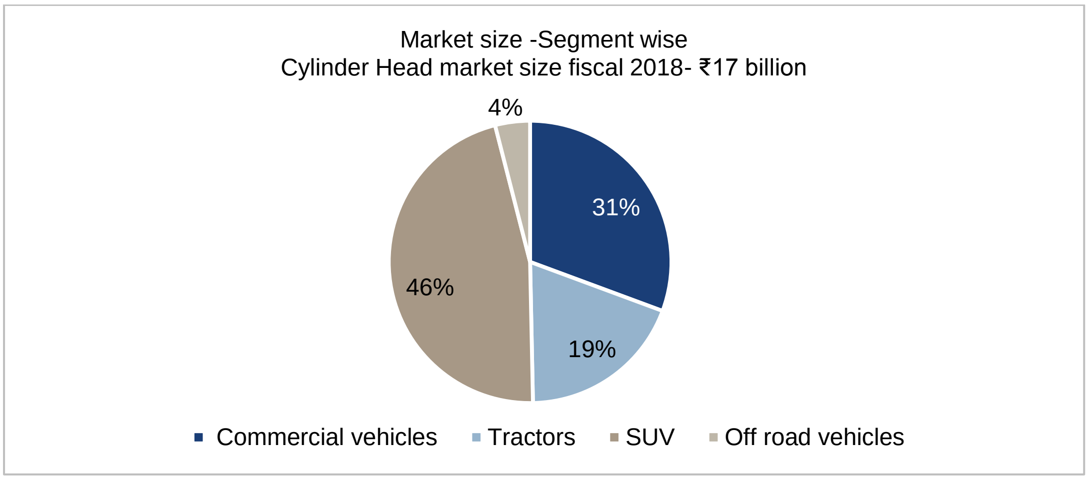
Source: CRISIL Research

Cylinder block is the supporting structure of the engine on which all engine parts are mounted. It houses the cylinder that gives engine its power. The cylinder block for commercial vehicles, off-road vehicles, sports/multi utility vehicles (SUV and MPV) and tractors uses cast iron. Cast iron accounts for 55-60% of the manufacturing cost, which weighs on the revenue of companies.

The market size of cylinder block for commercial vehicles, construction vehicles, tractors and MPV/SUVs is pegged at ₹ 33 billion in fiscal 2018 and is expected to reach ₹ 53 billion by fiscal 2022.

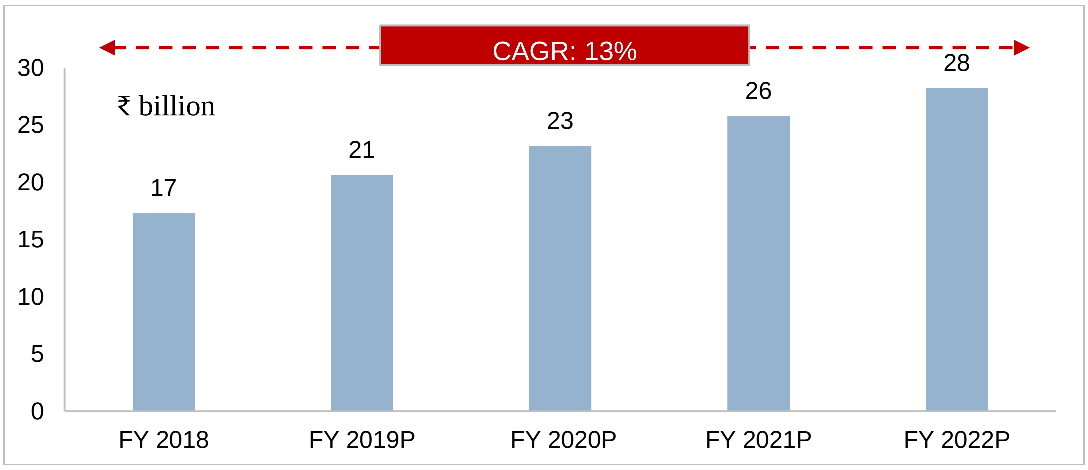
Craftsman is the largest player involved in the machining of cylinder blocks in the medium and heavy commercial vehicles (M&HCV) space and is amongst the top 3 player in machining for tractor segment.

Cylinder head



Source: CRISIL Research

Cylinder Head Market Outlook



P: Projected
Source: CRISIL Research

Cylinder head covers the cylinder and helps the head gasket seal the cylinders in order to build enough compression for the engine operation. Similar to cylinder block, cylinder heads are also manufactured by the process of casting using ferro alloys.

The current market size of cylinder head for commercial vehicles, construction vehicles, tractors and SUVs is ₹17 billion in fiscal 2018 and is expected to reach ₹ 28 billion by fiscal 2022.

Craftsman is the largest player in machining of cylinder heads in M&HCV segment.

Review and outlook on the aluminium in automotive market in India

The automobile casting industry manufactures auto components through the process of metal casting. Metal casting is a manufacturing process in which metal is melted and poured into moulds, where it solidifies into components with complex shapes. Castings sizes range from a few grams to several kilograms, depending on their functional applications. The desired dimensional accuracy and surface finish of castings can be achieved by the choice of process, its control and subsequent machining.

One of the casting process is die casting in which the molten metal is injected under high pressure and velocity into a split mould die. Aluminium is one of the key metals used in the die casting process in the automobile industry.

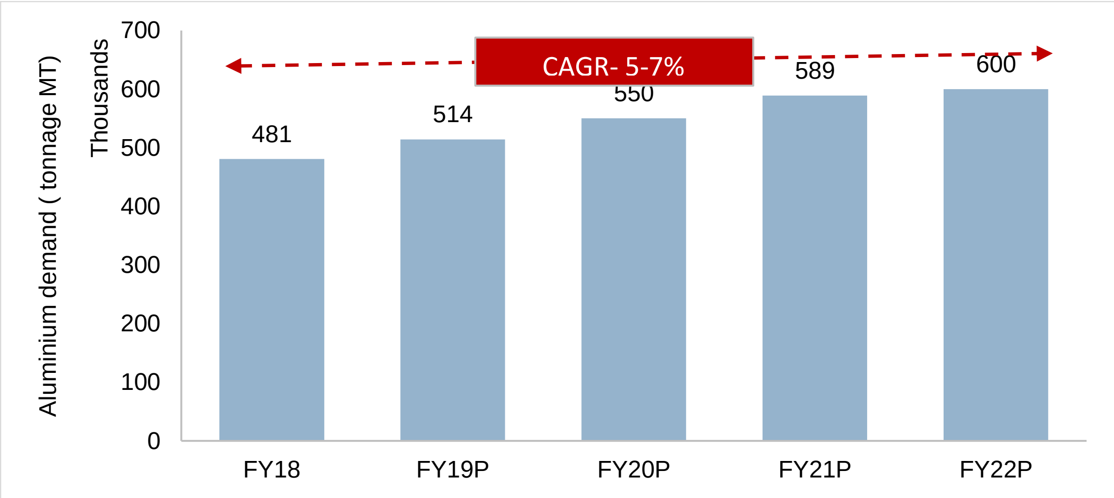
Review of aluminium castings market in India

40% of the metal casting in the automobile industry is using aluminium with majority of cast components made for the two wheeler and passenger vehicle segment. Some of the casting components used in the vehicles are cylinder blocks and cylinder heads, transmission housing, pistons, crank covers, clutch parts, axles, chassis parts, gear box and wheel parts. Demand for aluminium castings which are used as a part of alloy wheels have picked up due to increase in penetration of alloy wheels in two wheelers and passenger vehicles. The aluminim casting industry is ₹144 billion in FY 2018. Two wheelers accounted for 70% of aluminium die casting market, followed by passenger vehicle with 25% share and commercial vehicle with 4% share in value terms. Demand for aluminium die casted product stood at 0.48 million MT in FY 2018.

The realisation of automotive casting manufacturers is largely linked to the price movement of raw materials.

Outlook on aluminium castings market in India

Aluminium die casting market outlook in volume, FY 2018 to FY 2022 (million MT)



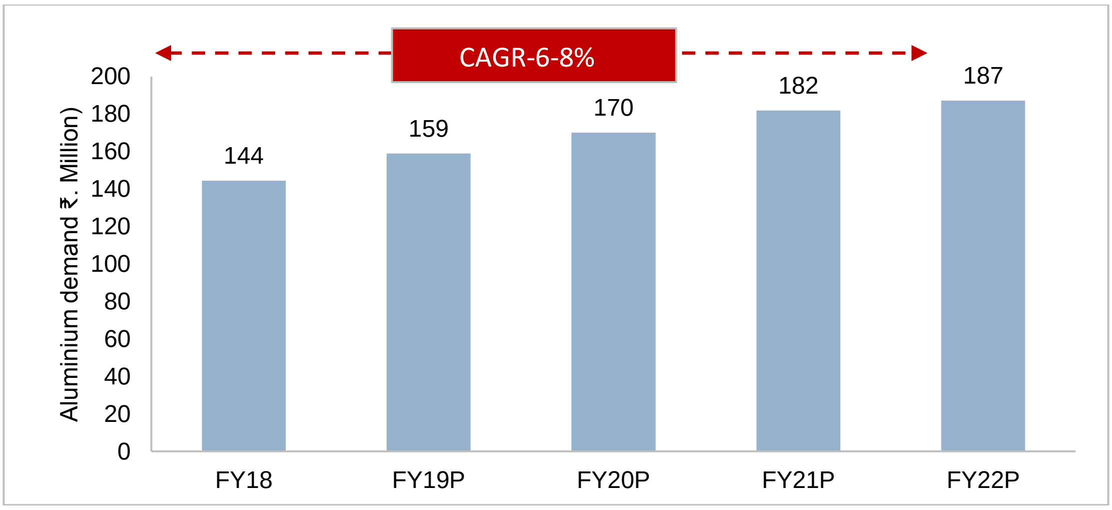
P: Projected
Source: CRISIL Research

Automotive aluminium castings sales volume (in tonnage terms) is projected to grow 5-7% to reach 0.58-0.64 million MT by FY 2022.

CRISIL Research expects raw material prices to be under pressure from H2 2018. However, manpower, power and fuel, other manufacturing expenses, consumables and other overhead costs are expected to exert pressure on prices. Average realisation per steel and alloy wheel (mainly aluminium and magnesium) is expected to grow at 2-4% CAGR over forecasted period.

Automotive aluminium castings market is expected to grow at 6-8% CAGR during FY 2018 to FY 2022 period in value terms to reach ₹ 187 billion by FY 2022

Aluminium die casting market outlook in value, FY 2018 to FY 2022



P: Projected
Source: CRISIL Research

Key players

Aluminium diecasting industry has presence large number of players. Key players include Rockman Industries, Sunbeam Auto Private, Alicon Castalloy, Sundaram Clayton, Endurance Technologies etc.

Growth drivers

70% of the demand of the non-ferrous casting industry is driven by the two wheeler Industry. The two wheeler industry is expected to grow at 6-8% except in 2020-2021 mainly on account of likely hit expected as a result of implementation of the BS- VI norms.

Realization from aluminium castings is 3-4 times higher than from ferrous castings, given the difference in the quality of inputs used and the level of value addition.

Stringent emission norms on account of implementation BS-VI implementation in April 2020 and Corporate Average Fuel Economy (CAFE) standards have been pushing OEMs to design lighter vehicles. The auto component industry therefore has been shifting towards aluminium based components which allows OEMs to not only achieve light weighting of vehicles but also achieve better fuel efficiency and increased emission compliance

Challenges

Raw material cost forms ~ 56% of the overall cost therefore cost of raw materials remains a key moniterable for profitability of the casting manufacturers. Rise in price of aluminium by 3% led to fall in realization by 5-7% for casting players in 2017-18.

Extent of shift towards aluminium casting in the case of higher-tonnage commercial vehicles and tractors could be limited (at least in the near term) as opposed to extent shift seen in case of passenger vehicle and two wheelers, due to factors like as lack of strength, weight-carrying capacity of aluminuim castings.

Review and outlook on aluminium casting used in power transmission business in India

Power transmission is the bulk movement of electrical energy from a generating site, such as a power plant, to an electrical substation. The transmission segment plays a key role in transmitting power continuously to various distribution entities across the country. Further, the transmission sector needs concomitant capacity additions in line with the generation capacity additions to enable seamless flow of power.

A reliable transmission system is important for the proper and efficient transfer of power from generating stations to load centres. A transmission and distribution (T&D) system comprises transmission lines, substations, switching stations, transformers and distribution lines. In order to ensure reliable supply of power and optimal utilisation of generating capacity, a T&D system is organised in a grid, which interconnects various generating stations and load centres. This ensures uninterrupted power supply to a load centre, even if there is a failure at the local generating station or a maintenance shutdown. In addition, power can be transmitted through an alternate route if a particular section of the transmission line is unavailable.

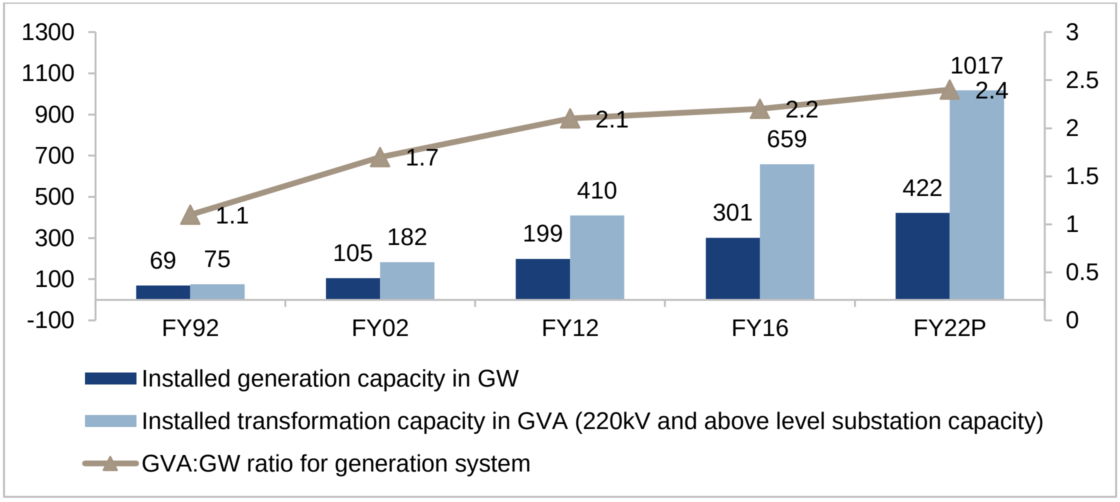
In India, the T&D system is a three-tier structure comprising distribution networks, state grids and regional grids.

Growth drivers and challenges

CRISIL Research projects investments of ₹ 8.5 to ₹ 9 trillion in the power sector over the next five years (fiscal 2018 to fiscal 2022). Investments are expected to be marginally lower compared with the past five years, due to a slowdown in generation capacity addition. The share of investments by the generation segment is expected to be significantly lower at 33% over the forecast period, compared with 56% over the past five years.

To ensure free and uninterrupted flow of power, every MW of new-generation capacity needs a certain level of transformation capacity added to the system. In India, the transformation-to-generation addition ratio (MVA: MW) in the '220 kV and above' segment has remained low over years. As of end-March 1985, this ratio was 1.1 times and has only improved to 2.2 times by end-March 2017. Lower transformation capacity results in line congestion, which has been visible, particularly in inter-state transmission of power. With the government's focus on alleviating congestion, transmission capacity is expected to witness robust growth in transformation capacity additions during the 13th Five-Year Plan.

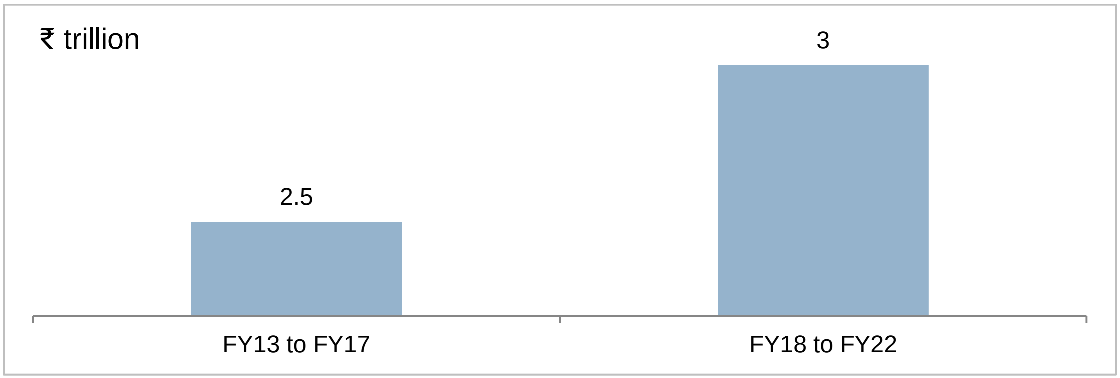
Installed Power generation and transformation capacity ratio trend



Source: CEA, PFC, CRISIL Research

Around 300 GVA of transformation capacity is expected to be commissioned in the next five years, i.e., until March 2022. In the transmission-line segment, we expect robust growth in HV lines of 400kV and 765kV, due to their importance in inter-state transmission lines. Higher voltage enhances power density, reduces losses and efficiently delivers bulk power. The focus on HV lines would create demand for HV switchgears with higher installation of GIS sub-stations. This will provide additional demand for casting components.

Expected investments in transmission sector (2017-18 to 2021-22)



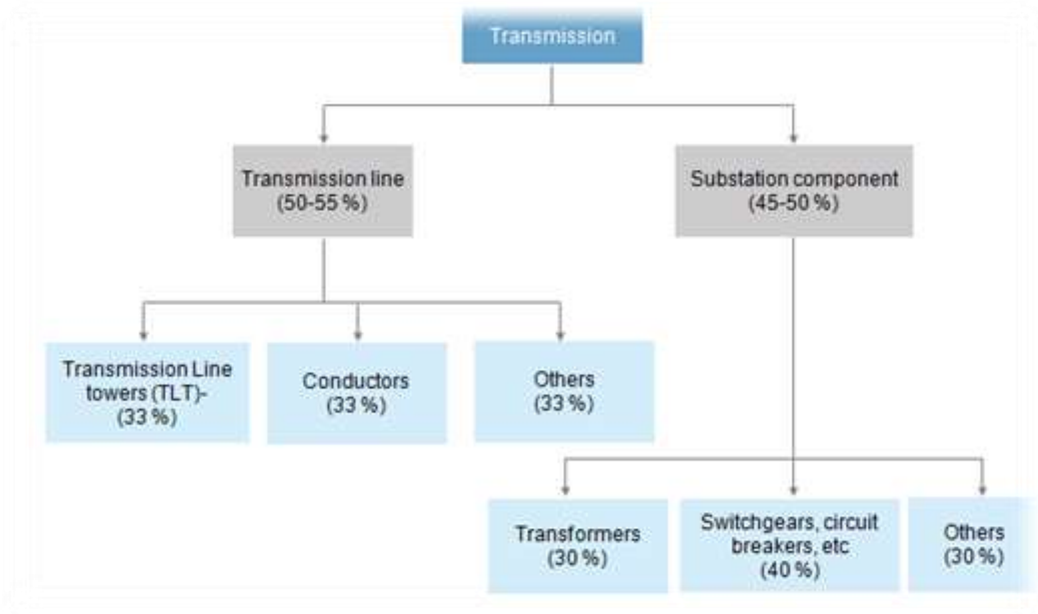
Source: CEA, Planning Commission, CRISIL Research

With the introduction of TBCB and viability-gap funding (VGF) schemes for intra-state projects, the share of private sector players in the power-transmission sector is expected to increase gradually over the next five years.

Make in India initiative

PGCIL has a high domestic content clause under its procurement policy for various equipments including GIS requiring manufacturers to use local aluminium foundry content for meeting their casting requirement. Additionally under make in India programme, the aim is to make India a manufacturing hub by increasing foreign direct investments and improving the competitiveness of Indian players. The electrical equipment manufacturing sector is now eligible for 100% FDI under the automatic route, subject to applicable regulations and laws. To improve technology and R&D, and bring it on a par with the global benchmark, the government has lowered customs duties on a range of equipment. These incentives will provide higher growth opportunities for the industrial casting segment, provided there is a focus on increasing the domestic inputs in electrical equipment manufacturing.

Transmission system components (cost share of different components)



Note: The percent share of components is only indicative; actual investment incurred may differ from project to project.
Source: CRISIL Research

Switchgear

Switchgear refers to the combination of electrical equipment like fuses, low- and high-tension circuit breakers, miniature circuit breakers, control panels, and switchboards. However, the main equipment includes fuse switch units and low- and high-tension circuit breakers.

The basic function of switchgear is protection, which is interruption of short circuit and overload fault current while maintaining service to unaffected circuits. Switchgear also provides isolation of circuits from power supplies. Switchgear is also used to enhance system availability by allowing more than one source to feed a load.

Circuit breaker is one of the most important components of switchgear, whose function is current interruption. The circuit breaker is designed to 'trip' in the event of an overload or any type of fault or abnormality in the system. The circuit breaker 'senses' the fault through a protection relay and triggers before damage can occur.

Various types of circuit breakers used are - oil, air, gas, hybrid, and vacuum. Each type performs essentially the same function, with the key difference being their operating mechanism. For example, an oil circuit breaker uses oil as a dielectric or insulating medium for arc extinction, while an air-based circuit breaker uses compressed air to break the arc.

High-tension switchgears are of two major types:

Air-insulated switchgear (AIS)

AIS, which is more common, uses air to insulate the different components of the substation from each other as well as for grounding the charge. Substations rely on copper grounding on equipment and in the ground to properly ground the system and make it safe. AIS is extensively used in areas where space, weather conditions, seismic occurrences, and environmental concerns are not an issue, such as rural areas and favourable offsite terrain. Since this type of system is exposed to the open environment, the elements can have a notable impact on the durability of components. The indoor AIS version is only used in highly polluted areas and saline conditions, where the air quality is compromised.

AIS substation

Source: Industry

Gas insulated switchgear (GIS)

GIS is a very compact switchgear. Because of the use of sulphur hexafluoride (SF6) insulation, the size of the switchgear reduces drastically. SF6 is five times heavier than air and shows excellent extinction behaviour. This product is normally used in MV, HV and extra high voltage applications. In GIS, most of the current-carrying and live components are sealed in SF6. Constant atmospheric conditions in the sealed tank improves the performance of the switchgear. Other functional criteria like safety, maintenance and downtime are the key parameters for distribution. Cost of maintenance and production loss due to power failure are lower in GIS-based substations compared with AIS substations

GIS substation

Source: Industry

Comparison of GIS and AIS

Parameters	**Air insulated Switchgear**	**Gas Insulated Switchgear**
Construction	uses air insulation in a metal-clad system	Inert gas sulfur hexafluoride used for insulation
Installation	Larger space requirement- high cost due to larger space requirement	Faster to install due to compact size and less weight Suitable for use in cities with space constrain due to its smaller size
Maintenance requirement	Need inspection every 1-2 years and high upkeep cost	Need inspection every 4 years-low upkeep cost
Cost	Comparatively lower cost	20-30% costlier than AIS
Sensitivity to environment/pollution	Moderate, pollution & humidity can have some effects on insulation that is exposed in air	Excellent, gas tank usually with high ingress protection (e.g. IP67) with very little sensitivity to environment, humidity, even altitude

Source: CRISIL Research

Increasing preference to GIS switchgear

With the increasing problems in land availability and acquisition coupled with rapid urbanization and higher power consumption for commercial and residential consumption GIS Switchgear would be preferred option due to its compact size. More over high safety features and lower maintenance costs would make it a more attractive proposition.

GIS substation commissioned by PGCIL,

Year	765/400 kV	400/220KV	220KV	Total
2013-14	2	2	0	4
2014-15	6	6	1	13
2015-16	5	5	0	10
2016-17	3	5	0	8
Total	**16**	**18**	**1**	**35**

Source: Power Grid Corporation Ltd

Castings market in the power transmission business

Domestic industry to accelerate up to fiscal 2022

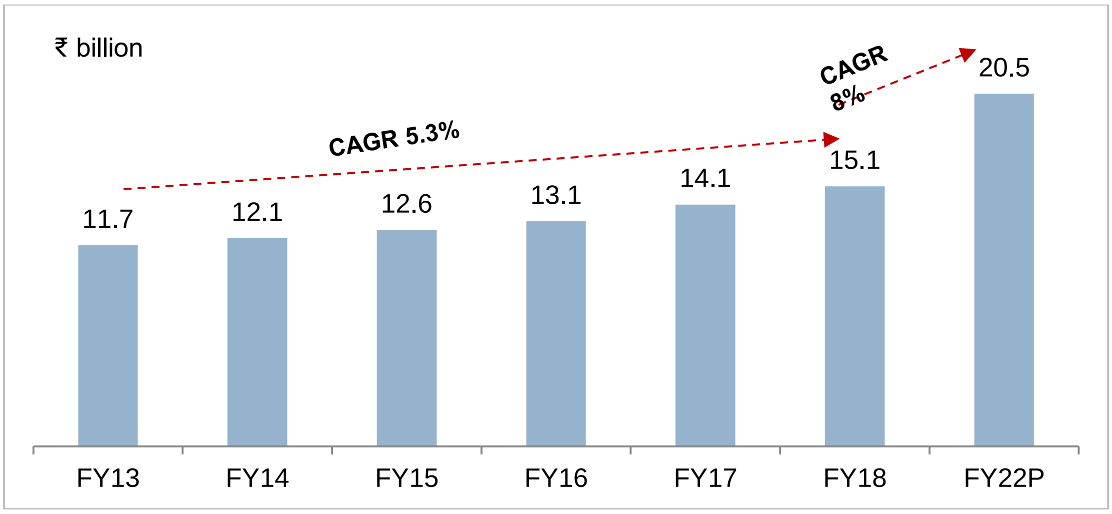
Housing of transformer core, circuit breakers of switchgears and casings of GIS substation are casted using ferrous and non-ferrous material. Aluminium casted housing is preferred in GIS due to its non-corrosive and light weight properties.

Demand for industrial castings from the power transmission sector is driven by investments of the Central and state government transmission companies and, to a smaller extent, from the private sector for the medium-voltage segment. In the power-transmission segment, switchgears are expected to account for the major share of casting demand.

Demand for industrial castings used in power transmission grew by 5% CAGR over fiscal 2013 to fiscal 2018 reaching ₹ 15.1 billion in value in fiscal 2018. Demand for industrial castings is expected to grow by 8% CAGR over fiscal 2018 to 2022 to reach ₹ 20-21 billion in fiscal 2022.

CRISIL Research forecasts demand opportunity for the industrial castings segment to be ₹ 73.5 billion from the power transmission segment growing at a CAGR of 5-6%.

Industrial castings used in power transmission – demand outlook (₹ billion)



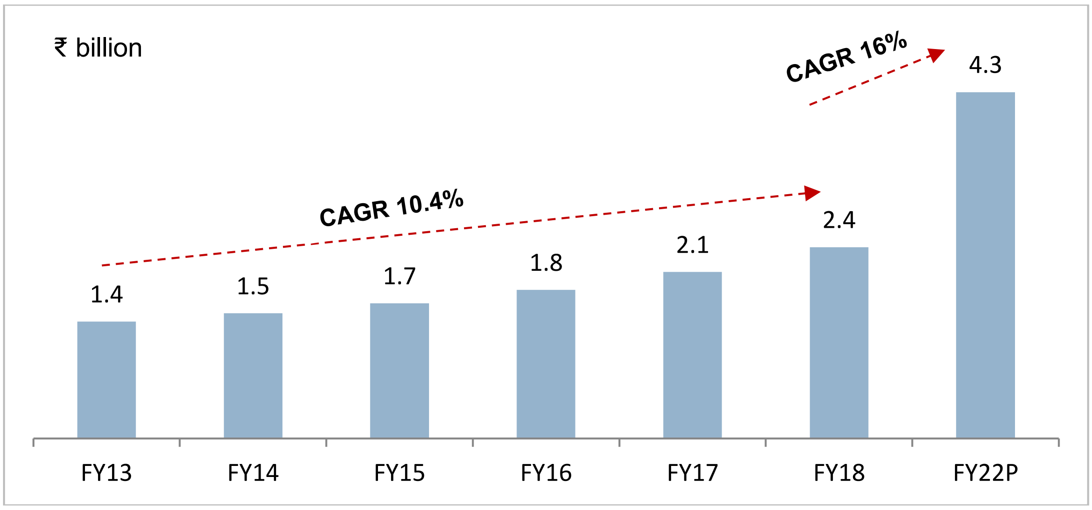
Source: CRISIL Research

Investments in the transmission segment (~₹ 3 trillion) are expected to witness strong growth over the next five years, led by robust investments in inter-regional transmission by Power Grid Corporation Limited, coupled with steady investments from various states to augment intra-state network. Rising private sector participation will also support transmission segment investments.

Demand for GIS is driven by PGCIL and state-transmission companies. Demand transmission companies of Maharashtra and Tamil Nadu, along with PGCIL, would account for more than 50% of demand for GIS. The trend of GIS substations commissioned by PGCIL in the past four years indicates an increasing share of 765 kV and 400 KV substations.

GIS-based casting demand grew by ~10% CAGR over fiscal 2013 to fiscal 2018 reaching ₹ 2.4 billion in value in fiscal 2018. Demand for GIS based castings is expected to grow by 16% CAGR over fiscal 2018 to 2022 to reach ₹ 4-5 billion in fiscal 2022. Share of GIS based switch gears is expected grow from ~8-10% in fiscal 2018 to ~20-25% in fiscal 2022. Demand for GIS in volume terms will be higher in the MV segment, driven by the private sector, while the high-value GIS substations in the HV and EHV segments will be driven by the Central and state government transmission companies.

Industrial castings used in Gas insulated switchgear – demand outlook (₹ billion)



Review and outlook on specific railway products

Diesel engine components

Overview

Diesel engines are mainstay of Indian Railways

As per Press Information Bureau (PIB) dated December 2017, total Broad Gauge (BG) locomotives in India are ~11,500, out of which, the share of diesel locomotives is ~51%, while electric engines account for the rest. Diesel remained the mainstay, followed by electric locomotives. Earlier, the thrust was on diesel engines in India. However, the focus is now shifting to electrification because considering the cost of diesel including taxes, electrification is cheaper in India. However, on a similar horse power (HP), diesel engines have higher tractive effort compared with electric engines and thus diesel engines will continue to play important role in rough and hilly terrains, defense related haulage, double stacked freight movement, as well non-electrified routes

Locomotive units, mostly owned by the Indian Railways, operating at high utilisation

Diesel Locomotive Works (DLW) in Varanasi manufactured 296 diesel locomotives in fiscal 2018. Besides, diesel locomotives, DLW also manufactured 25 electric locomotives during the year, up from 2 electric locomotives in fiscal 2017. As per details available on DLW's website, it will produce 295 locomotives (122 diesel and 173 electric) for fiscal 2019. DLW's production capacity was 250 locomotives per year in fiscal 2016, indicating high utilisation. As per information on DLW's website, expansion (which includes new block shop, loco frame and assembly shop etc.) was partially rolled out in October 2016..

Incorporation of dual mode engines can be advantageous

Parameters for selection of electric versus diesel engines are:

Traffic on a particular route: It is important to assess traffic on a particular route, and thereafter ascertain requirement for construction of a double/triple/new line

Implementation is based on requirement: Implementation of diesel or electric engine is based on requirement, and not entirely related to traction. Electric engines have limitations. If the power source temporarily cuts offs, the trains cannot be moved.

Alternative: Electric locomotives suffer transmission losses, because electricity is a series system; so, in many cases, a mix of diesel and electric locomotives are used. The Indian Railways plans to have five dual-mode locomotives with 4,500 HP capacity each. These are being built at DLW as a part of a pilot project.

Investments in diesel engines to decline; share of diesel engines will still remain substantial in operational engines

In India, electric locomotives are expected to continue to gain ground as the Indian Railways focuses on greater electrification of broad gauge lines.

The Indian Railways' annual procurement of diesel locomotives, which was higher than that of electric locomotives in fiscal 2017, reversed in fiscal 2018 is further slated to change from fiscal 2019, as per the Union Budget announcement. Also, locomotives scrapped every year stands at 50% of the number added for diesel, compared with ~25% for electric, which effectively translates into annual net addition of electric locomotives higher than diesel. Hence, in the longer term, we expect electric locomotives to have a higher share of sales.

As per Union Budget 2018-19, Indian Railways will procure ~700 locomotives comprising 573 electric locomotives and 122 diesel locomotives. Key production facility for diesel engine locomotives, DLW, is also focusing on electric locomotives. As per a future plan published on DLW's website, the company has production targets of 25 electric locomotives in fiscal 2018, with the target in fiscal 2019 expected to be higher.

Market size – Diesel engine components

The Indian Railways has started to increasingly shift focus towards electric traction. There is a sharp increase in procurement targets (350 electric locomotives in fiscal 2018 and 573 electric locomotives in fiscal 2019), as per the central government budget for fiscal 2019. The targets for diesel locomotives for fiscal 2019 has, in contrast, been substantially reduced (~275 in fiscal 2018 to 122 in fiscal 2019).

However, key positives for diesel engine component market will be orders from non-railway customers, opportunity in locomotive exports, focus on indigenisation of components, and replacement demand from existing locomotives. These demand avenues will limit the extent of decline in diesel locomotives as well as diesel locomotive components. Accordingly, the fall in diesel engine component market will be less than the market for diesel engines.

Engines undergo repair, maintenance, periodic overhaul, etc. at railway workshops and sheds spread across railway zones. Despite the substitution of diesel engines by electric engines, the replacement or maintenance demand for components from diesel engines will continue to fuel the components market. Moreover, out of the total market, replacement/maintenance market, for regular upgrades or change of ageing components, will remain stable over next five years at ₹ 6-8 billion.

Growth drivers

Replacement of ALCO engine with EMD

ALCO[5] represents older technology, through which lower HP rated engines are manufactured. This is now increasingly being replaced by EMD[6] engines, i.e. high HP-rated diesel engines manufactured through a transfer-of-technology agreement with US-based Electro Motive Diesel Company.

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[5] American Locomotive Company, USA
[6] Electro Motive Diesel Company, USA

DLW, which is the largest manufacturer of diesel engines, has increased the production of EMD engines. For e.g.[7], in fiscal 2018, DLW manufactured 260 high HP engines as against 36 ALCO engines, vis-à-vis fiscal 2011 when 150 high HP and 117 ALCO engines were manufactured. Along with proliferation of EMD engines, indigenised content is also increasing, representing increased opportunity for diesel component manufacturers.

Orders from non-railway customers to provide a boost

Demand from non-railway customers will cushion diesel engine component manufacturers post reduction in procurement targets of the Indian Railways. As per achievements booklet of DLW for fiscal 2017 and fiscal 218, DLW has the following orders from non-railway customers:

Orders – DLW (fiscal 2017)

Client	Orders	Type
Confirmed		
Odisha Power Generation Corporation	3	WDG4D
National Thermal Power Corporation (NTPC), Vindhyachal	4	WDG3A
National Mineral Development Corporation, Hyderabad	11	WDSADT
Nuclear Power Corporation of India, Kalpakkam	1	DG Set
Other non-railway customers	14	WDG3A

Source: DLW Annual Achievements report 2016-17, CRISIL Research

Orders – DLW (fiscal 2018)

Client	Orders	Type
Confirmed		
National Aluminum Company (NALCO)	2	WDG3A
L&T	2	WDG3A
RES/RITES	3	WDS6ADT
Expected		
RES/RITES	3	WDS6ADT
LANCO, Anpara	1	WDG3A
NTPC, Korba	4	WDG3A
NTPC, Telangana	2	WDG3A
Steel Authority of India Limited (SAIL), Rourkela	3	WDG3ADT
NTPC-SAIL Power Company Limited (NSPCL), Bhilai	1	WDG3A

Source: DLW Annual Achievements report 2016-17, Activities document (Feb, 2018) – DLW Marketing division, CRISIL Research

Opportunity for diesel locomotive exports is also a positive

DLW is also an exporter to countries in the Indian sub-continent. As per Ministry of Commerce, in fiscal 2017, India exported 13 diesel[8] locomotives, with DLW having a good pipeline of overseas orders. As per achievements booklets of DLW for fiscal 2017 and 2018, key orders/agreements with DLW are

- 18 locomotives (YDM4) for Myanmar (supplied in fiscal 2018)
- 10 locomotives (3000 HP BG) for Sri Lanka, where first prototype is expected to be rolled out in July 2018

[7] Source: DLW website, accessed in January, 2018
[8] For HS Code 860210

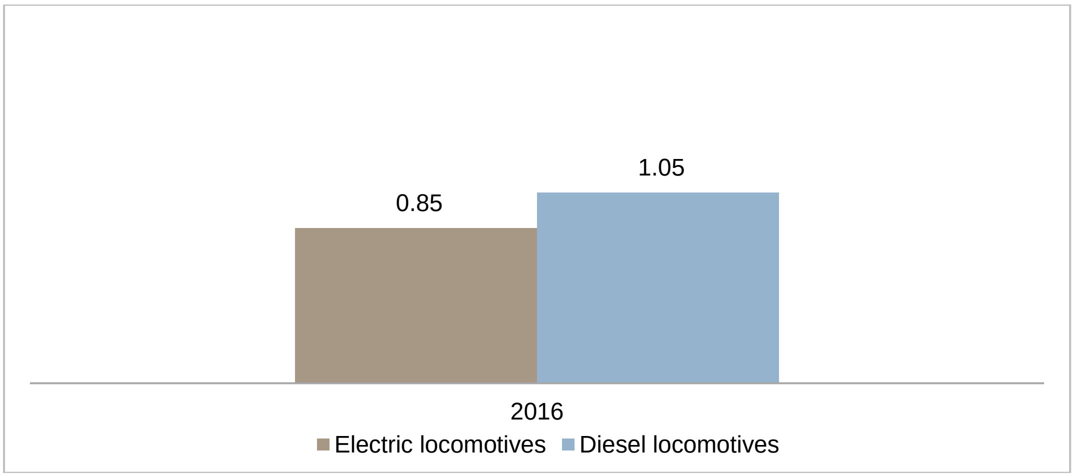
- Memorandums of understanding signed between RITES and DLW for design and development of locomotives (3000 HP) for export to South Africa, Southeast Asia and the Middle East

- Order of around 200 locomotives (HHP standard gauge) expected to be exported to Iran

As per Achievements booklet of DLW for fiscal 2018, company supplied 36 orders (including 18 locomotives exported to Myanmar) in fiscal 2018 to non-railway customers.

Opportunity for exports of diesel engine locomotives as well as locomotive parts is expected to be significant, as diesel engines lead in terms of overall trade globally. As per 2016 UN trade statistics, global diesel engine[9] export amounted to a trade value of ~$1.05 billion, while electric engine[10] exports valued at $0.85 billion. Key exporters were the US, Mexico and Spain, while key importers were Mexico, Saudi Arabia and Algeria.

Global diesel and electric locomotive exports – 2016 ($ billion)



Source: UN trade statistics

Maintenance demand for diesel locomotives will be a positive for components market

The life of a diesel engine is 35-40 years, but the life for majority of the engine parts is only 8-12 years. Thus, in addition to component demand from manufacturing of new locomotives, replacement demand for ageing parts is an avenue for components suppliers. Engines undergo repair, maintenance, periodic overhaul, etc. at railway workshops and sheds spread across railway zones. Despite the substitution of diesel engines by electric engines, the replacement or maintenance demand for components from diesel engines will continue to fuel the components market.

Apart from India, EMD locomotives are also used across other geographies through technological collaborations. Replacement demand for components of diesel locomotives outside India can be an opportunity for India based players, as the parts are standardised and can be exported. Cost advantage and after sales support will remain key monitorables for export of components.

Focus on indigenisation to support domestic diesel engine component industry

Procurement for diesel engine components by DLW[11] increased from ₹ ~31 billion in fiscal 2013 to ₹ ~38 billion in fiscal 2016, a CAGR of 5-7%. However, during the period, the value of domestic components increased from ₹ 16.4 billion to ₹ 28.3 billion. Key reason for this was the focus of DLW on indigenisation and multi-sourcing from India-based manufacturing facilities. Consequently, the share of imported components (in value terms) declined from ~47% in fiscal 2013 to ~21% in fiscal 2017.

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[9] For HS Code 860210
[10] For HS Code 860110
[11] i.e. Purchases by DLW (which is the sole manufacturer of Diesel Locomotives in India As per 2015-16 Annual report of DLW

As per the achievements booklet, DLW saved ₹ 10.3 million in fiscal 2017 per locomotive due to indigenisation and multi-sourcing initiatives, as against ₹ 2.3 million per locomotive saved in fiscal 2016. Few of the components indigenised are provided below.

Key parts indigenised in past 2-3 years

Sr.	Part description	Part#[12]	Approved sole Indian vendors for supply	Segment
1	Carrier piston pin	16141430	Bharat Forge Ltd	Power pack system
2	Channel air box	16191780	Sanvijay Rolling & Engg. Ltd	Air system
3	Clutch drive ASM	16060490	Avtec Ltd	Clutch drive system
4	Cylinder liner ASM	16030035	Craftsman Automation Pvt Ltd	Power pack system
5	Cylinder liner stud ASM	19110017	Craftsman Automation Pvt Ltd	Power pack system
6	Fuel filter ASM	16050174	Craftsman Automation Pvt Ltd	Filters
7	Idler stub shaft	16030473	Shakthi Tech Manufacturing India Pvt. Ltd	Other
8	Lube oil strainer ASM	16060118	Shakthi Tech Manufacturing India Pvt Ltd	Lube oil system
9	Piston ring	16030618	FMGIL	Power pack
10	Ring cylinder Head	16040156	Tool & Gauge Ltd	Other
11	Ring retaining	19340059	FM PBW Bearing Pvt Ltd	Clutch drive system
12	Shaft drive gear	16141477	Shanthi Gears Ltd	Aux/gen drive ASM
13	Support drive	16140394	Supreme Industries	Other
14	Upper Idler Gear	16060519	Supreme Industries	Other
15	Valve bridge ASM	16040053	Autotech Industries India Pvt Ltd	Rocker arm APL
16	Water pump ASM LB	16070100	Shakthi Tech Manufacturing India Pvt Ltd	Other
17	Water pump ASM RB	16070148	Shakthi Tech Manufacturing India Pvt Ltd	Other

Source: Company reports, Vendor directories – DLW

Indian Railways is looking to indigenise critical engine components to reduce import dependence as well as cost, through the nodal bodies, DLW and RDSO. Few of the initiatives in this regard are development of cast engine block for better safety features, development of microprocessor based governor for HHP Diesel locomotives, and prototype testing for key critical components. Opportunity still exists for engine components where EMD or foreign players are existing suppliers, as power pack components like cylinder head sub assembly, carrier piston pin, power ASM fork, power ASM blade etc.

Passenger coaches

Overview

As of end-fiscal 2017, the Indian Railways had ~53,500[13] conventional coaches (excluding self-propelled coaches, rail cars and other coaching vehicles), while total coaching stock of ~70,000 is in service with Indian Railways. About 90% of the overall coaches are manufactured in-house by the Indian Railways.

The key classes of conventional coaches in service in the Indian Railways (excluding self-propelled coaches) are Linke Hofmann Busch (LHB) coaches and Integral Coach Factory (ICF) coaches. While the Indian Railways currently uses a mix of ICF coaches and upgraded LHB coaches, it is planning a structural shift towards the relatively safer LHB coaches, as recommended in high-level committee reports mandated by the Indian Railways (eg. Sam Pitroda Committee report, Anil Kadodkar Committee report, etc.). Currently, 85-90% of conventional coaches are ICF type, while the rest are LHB type.

LHB coaches are used for passenger travel and are manufactured at the Rail Coach Factory in Kapurthala and Rae Bareli under a transfer-of technology agreement. LHB coaches are now also manufactured at the Integral Coach Factory, Chennai.

[12] Unique part number, as specified by DLW in the vendor directories
[13] Source: Statistical Summary, Indian Railways FY17

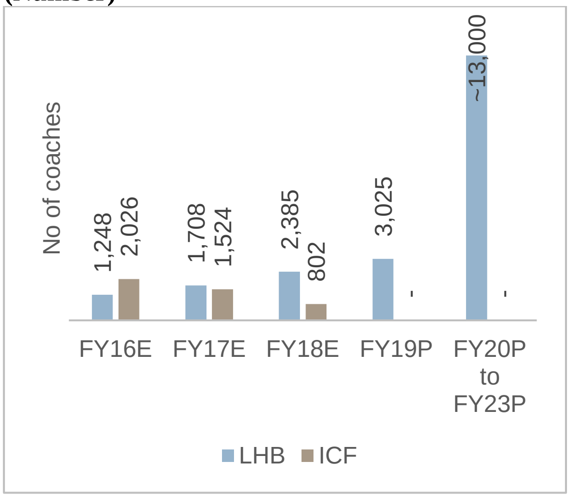
As estimated through the Annual Report of ICF Chennai, the range of shell cost per LHB coach is ₹ 8-10 million, while the furnishing cost for majority of coaches is in the range of ₹ 6-40 million each, with lower furnishing cost for conventional non-AC coaches and higher cost for AC coaches.

Besides the complete switchover to LHB coach manufacturing, Indian Railways is also focusing on indigenising LHB coach manufacturing. In the shell and bogie division, fully assembled complete bogie for LHB coaches (without axle mounted disc brake system) and bogie frames for LHB coaches are already shop-made at Indian factories, at ₹ 5-6 million per coach[14].

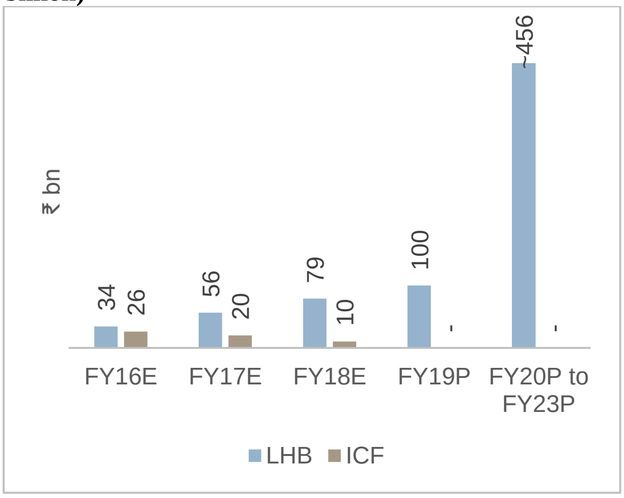
In the Indian Railways' plan to enhance safety and speed in India, the private sector can also have a key role to play through their LHB coach manufacturing capabilities and spares/components supply. The private sector as well as Indian Railways are also engaging with cross-country partners across different segments to this effect. Technical collaboration of BEML and Hyundai Rotem (South Korean company), engagement of SNCF (French rail company) for safety features, acquisition of Italian firm Firema Adler Spa by Titagarh Wagons, FIBA device to be supplied by Knorr-Bremse (through the Indian subsidiary) of Germany, and the trial run of Talgo coaches in India are some examples in this regard.

According to a PIB report in December 2017, the Ministry of Railways has planned to stop the production of ICF coaches from the end of fiscal 2018. As per the release, ~3,000 LHB coaches shall be manufactured every year from April 1, 2018, as against 1,000 LHB coaches on average in the last five years. This will increase the share of LHB coaches going forward. As per the Indian Railways' coach acquisition plan, while 3,125 LHB coaches are to be manufactured in fiscal 2019, the plan is to manufacture 3,350 coaches in fiscal 2020.

Projected production of LHB and ICF coaches (Number)



Projected investment of LHB and ICF coaches (₹ billion)



Source: MoR, CRISIL Research

Metro rail coaches

Overview

Metros are the most preferred form of urban transport system for urban infrastructure planners. Of late, government agencies in India have shown keen interest in this previously less-tapped mode of mass transport. Multiple projects have been announced in the past 3-4 years and some projects have shown rapid progress.

As per the Ministry of Housing and Urban Affairs (MoHUA), as of fiscal 2017, 1,912 metro coaches were operational in the country, while 1,420 coaches are under procurement. MoHUA also states that currently nine metro projects are operational in eight cities in the country.

The models adopted for funding metro projects are; Centre-state joint venture, which is the most prevalent model for financing. It started with Delhi Metro Rail Corporation Ltd (DMRC) and is being followed in other projects

[14] As per RCF Kapurthala's website (Unit rate is as of 20th June, 2017)

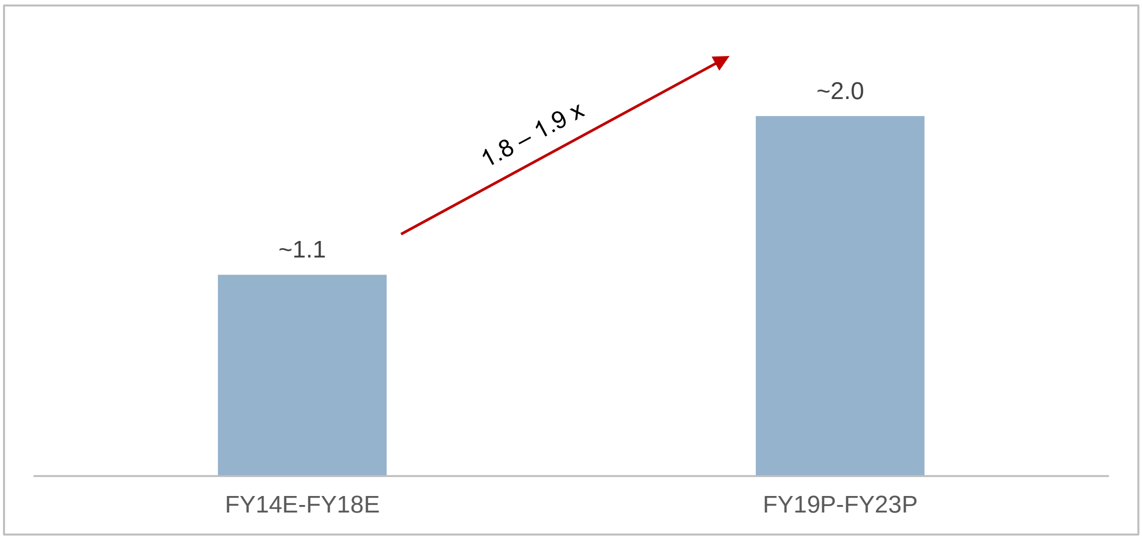
like Mumbai Line 3, Chennai, Bengaluru, Nagpur, Lucknow, Kochi and Ahmedabad. Others are wholly funded by Centre (First Kolkata metro and east-west corridor of Kolkata metro) and wholly funded by state (Jaipur metro and Mumbai monorail projects).

The New Metro Policy approved by the Cabinet in August 2017 envisages key developments, which will enable a larger participation from domestic companies in the metro rail projects

PPP component mandatory for availing central assistance for new metro projects, which opens a big opportunity for private players

CRISIL Research estimates that investments in metro railway in India will increase 1.8-1.9 times to ~₹ 2.0 trillion over the next five years, making it the second-largest contributor to urban infrastructure investments.

Estimated investments in metro projects (₹ trillion)



Source: MoHUA, CRISIL Research

Also, as per MoHUA estimates, around 1,600 metro coaches would be required in addition to the 1,420 coaches under procurement in the next 3 years. CRISIL Research estimates the investments in metro coaches till fiscal 2018 at ₹ 315-365 billion, while additional investment expected during fiscal 2019 to 2023 is estimated at ₹ 240-290 billion.

As per the April 2017 PIB release, local procurement has been made mandatory for tendered metro rail coaches. Minimum 75% of the tendered quantity has to be manufactured indigenously. Metro companies also have to undertake in-house maintenance and develop local expertise. S

Exports of coaches from India commenced in fiscal 2016. While 150 coaches were exported in fiscal 2016, 120 coaches were exported in fiscal 2017, and 92 coaches were exported during April-February in fiscal 2018. Key geographies where the coaches were exported are Australia (metro coaches), and Bangladesh (passenger coaches).

Review and outlook on material handling equipment's like Cranes and Hoists in India

Material handling equipment (MHEs) are machines that enable movement and storage of materials within a facility or site. Based on weight of the materials carried, MHEs are classified as,

Unit load – Handle materials packed into a compact unit for movement and storage ease (for e.g. forklifts, cranes used to store units of materials)

Bulk – Used for transportation of loose bulk materials such as iron ore, coal and cereals.

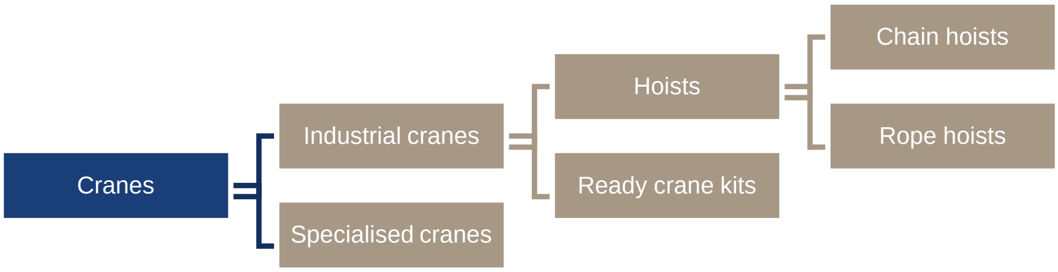
Industry structure – Cranes (and hoists)

A crane is typically a large machine, which is used to move, lift and lower objects through a projected arm. Cranes are generally equipped with chain hoists, wires, ropes, and beams, etc for material handling requirement. Industrial cranes, which are used in general material handling and manufacturing, comprise overhead crane (electric overhead cranes) and mobile cranes.

Industrial cranes can be used for various purposes, and provide cost economics in material handling. Some of the typical uses include heaping, loading-unloading, shifting, repositioning and erecting material. Other large cranes, i.e. rough terrain cranes, crawler cranes, tower cranes, etc, are typically used in heavy duty work.

Hoist is a critical component of cranes, which enables handling of freely suspended objects. Typically, cranes are installed with a hoist depending upon the load requirements. Few of the industrial cranes are also installed with two hoists (less than 5%), to enable broader load ranges. Regular hoists that are fitted to industrial cranes are classified into chain hoists, which have lower load range, up to ~3 tonnes, and rope hoists, which can handle heavier loads. These hoists comprise more than 80% share of the industrial cranes market.

Classification of cranes (and hoists) industry



Source: Industry, CRISIL Research

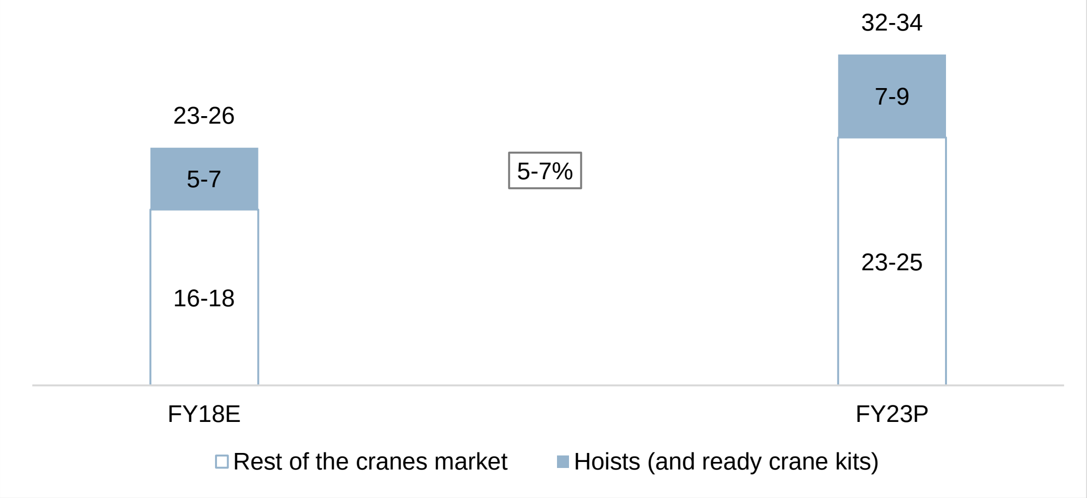
Market size

The industrial cranes market in India is ₹ 23-26 billion as of fiscal 2018. The market for heavy duty/specialised cranes, though, is limited, as requirements are largely tender-driven and rental players refrain from foraying into this segment owing to transportation issues. Hoists and ready crane kits together account for ₹ 5-6 billion (i.e. ~25% in value terms) - hoists comprise ₹ 2.5-3.0 billion, while ready crane kits comprise the remainder.

Among hoists, chain hoists account for ₹ ~1 billion (~1/3rd in value terms), while rope hoists account for ₹ ~2 billion (~2/3rd in value terms). In terms of units, chain hoists account for 10,000-20,000 units annually, while rope hoists 3,000-8,000 units per annum. Unit-wise requirement of chain hoists is higher as they have a lower replacement cycle (5-7 years), compared to rope hoists (and ready crane kits), which are typically replaced after 7-10 years.

Industrial crane market is expected to grow 5-7% CAGR (value as well as volume terms) during fiscal 2018 to 2023. Increasing automation in industries as well logistics will also be a booster.

Market for cranes (and hoists; ₹ bn)



E: Estimated; P: Projected
Note: Hoists and ready crane kits will comprise 25-30% of overall cranes market.
Value in box represents projected CAGR for cranes market during fiscal 2018 and 2023
Source: Industry, CRISIL Research

Growth drivers

Spurt in industrial activity to aid cranes (and hoists) market

Growth in the crane segment is correlated with industrial activity and infrastructure. Heavy duty cranes have higher correspondence with growth in road, power, irrigation, cement, mining, etc, while industrial cranes market is also dependent upon industrial activity and manufacturing.

Investments across railways to also aid industrial cranes (and hoists) market. Investments growth at higher pace in Railways, compared to past.

Healthy outlook for key end user sectors to support growth

Healthy growth across key end user industries are expected to buoy the cranes (and hoists) sector. Growth in manufacturing industry will be led by automobiles and steel sectors, which are the largest end users for the cranes (and hoists) segment.

Industry segments	**CAGR %** **(FY 19P-FY 23P)**	**Growth drivers**
Automobiles		
Cars & utility vehicles	8-10	Rising incomes, new models, and stable fuel price expectations to script robust growth in near term
*Commercial Vehicles**	8-10	Healthy industrial growth and focus on infrastructure and mining to aid growth
Tractors	7-9	Normal monsoon and government support
Two Wheelers	7-9	Rural markets to steer long term growth, but emission norms to pose a speed breaker in 2020-21
*Auto Anc.**	11-13	OEM demand to pick up due to robust vehicle sales
Metals		
Steel	6-7	Affordable housing and Infrastructure projects to propel demand Growth in ferrous castings, driven by auto and pipes sector
*Aluminium & Alumina**	7-8	Investments in Power T&D sector and automobile demand

Industry segments	CAGR % (FY 19P-FY 23P)	Growth drivers
Textiles	6-7^	Weaker rupee, falling raw material prices and benefits under MEIS[15]
Paper*	5.5-6.5	Led by corporate spending, focus on education and services segment
Petrochemicals*	9-10	Demand from packaging and infrastructure sectors

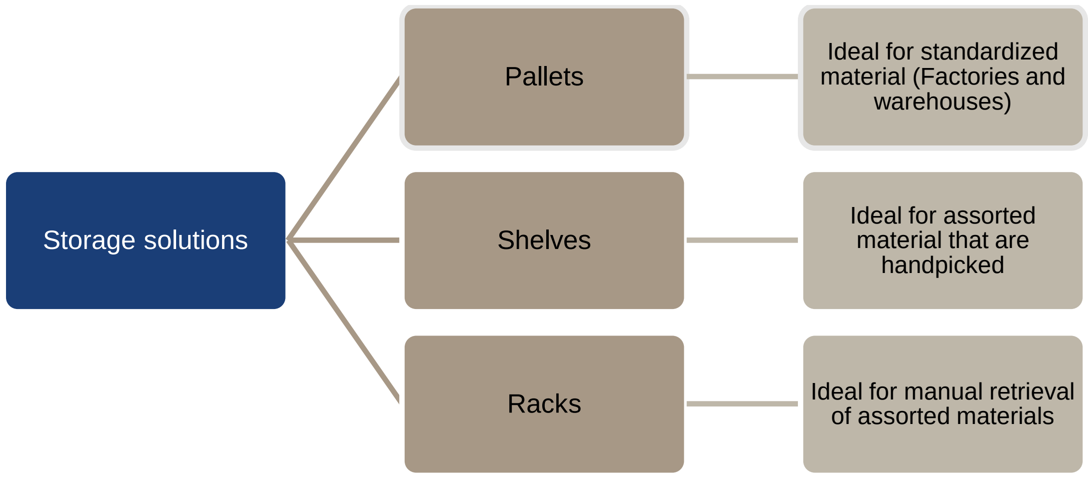
**For fiscal 2018-2022*
^Growth in exports
Source: Industry, CRISIL Research

Review and outlook on storage solutions largely focusing on racks, shelves and pallets used in the warehousing industry

The storage solutions industry broadly comprises pallets, racking solutions and shelving solutions.

Shelving solutions are ideal for storage of assorted materials that are handpicked. The palletised racking solutions are ideal wherein huge volume of standard-type products are produced, stored, retrieved, and distributed in and out of manufacturing units or warehouses. On the other hand, slotted angle racking, multi-tier racking systems, etc., are suitable for manual retrieval of assorted materials.

Storage solutions industry



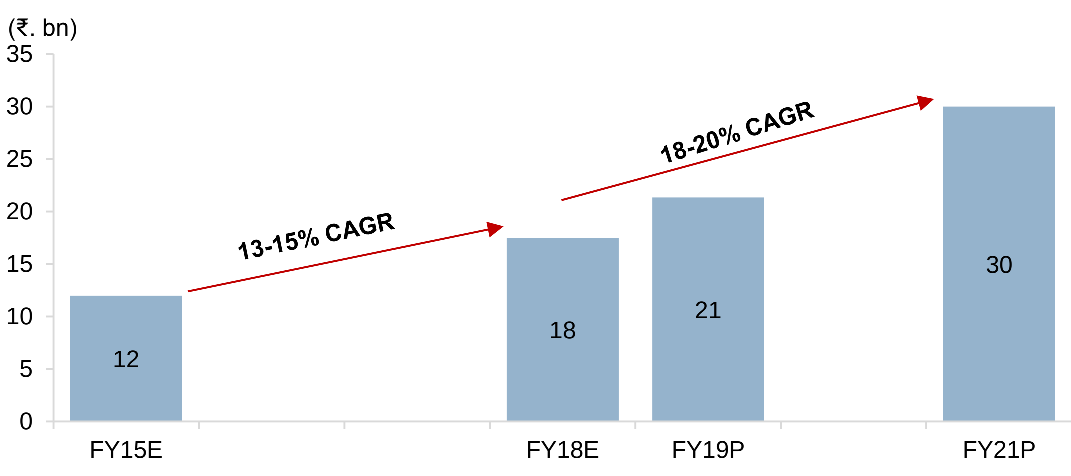
Source: Industry, CRISIL Research

Market size

The market sizing of storage solutions industry, comprising pallets, racking and shelving is estimated at ₹ 18 billion as of fiscal 2018. The industry has grown at 13-15% compound annual growth rate (CAGR) over fiscals 2015 to 2018. CRISIL Research forecasts the industry to grow at 18-20% CAGR over the next three years to ₹ 30 billion in fiscal 2021 from 18 billion in fiscal 2018 primarily on account of incremental ambient warehouse addition and rise in share of organised warehousing players due to GST implementation. In addition to ambient warehousing industry, the growth in storage solutions is led by end-user industries[16] such as e-commerce, organised retailing, consumer durables, auto components, pharmaceuticals, etc. as well as cold storage industries.

[15] Merchandise Exports from India Scheme
[16] End-user industries typically include warehouses held for captive purposes.

Market size and outlook of storage solutions industry in India



Source: Industry, CRISIL Research

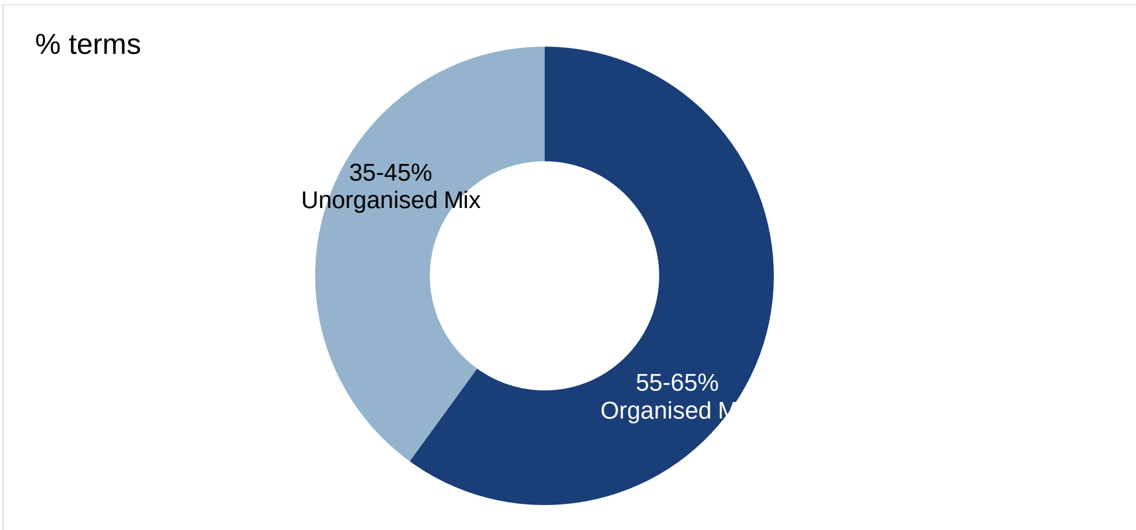
Market characteristics

Provided below is the market breakup of storage solutions industry across different parameters

Organised vs. unorganised

Share of organised players is expected to increase over the next three years on account of requirement of customised products. However, in slotted angle racking and multi-tier racking systems, intense competition is visible due to huge presence of unorganised players.

Organised players' share under storage solutions (FY18E)

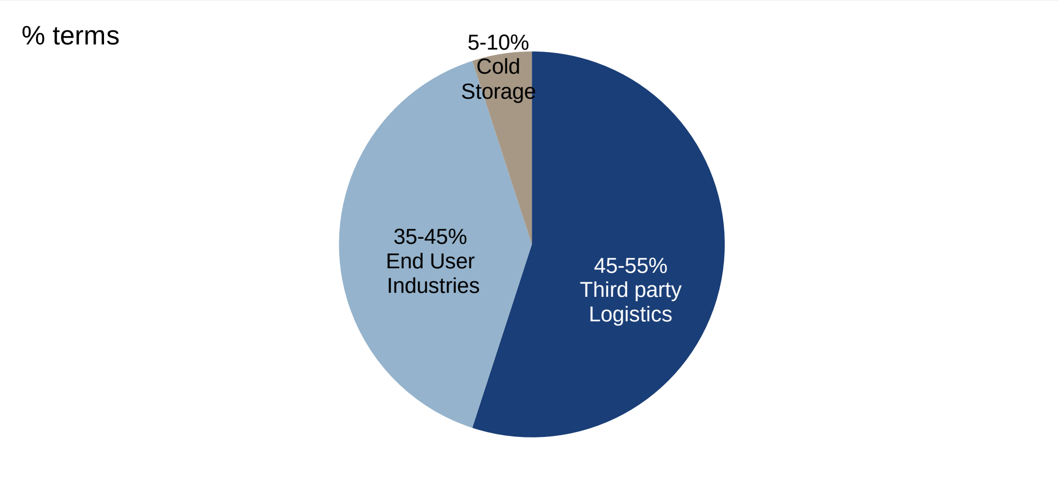


Source: Industry, CRISIL Research

Usage: End users

Among the users of storage solutions, warehousing and 3PL players occupy the majority share. Third-party logistics (3PL) are typically ambient industrial warehouses, which exclude captive warehouses.

Share across end users (FY18E)



Source: Industry, CRISIL Research

Usage: Types of solutions

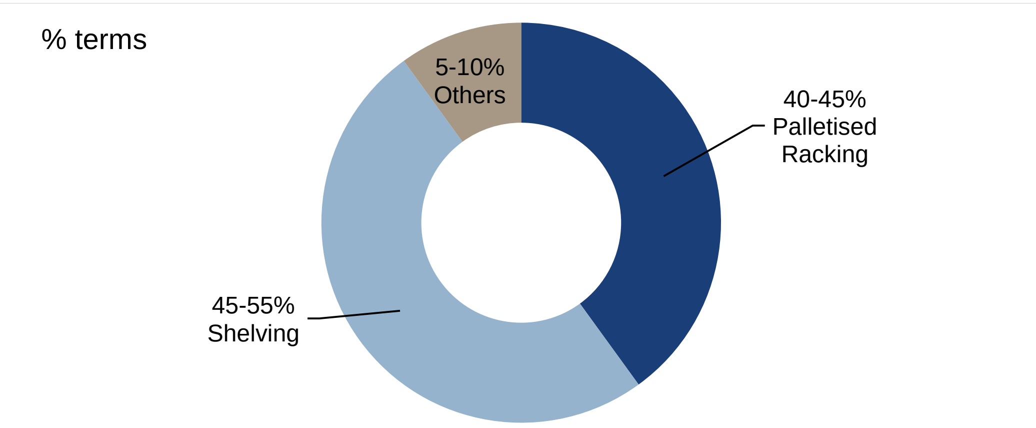
Shelving solutions are ideal for storage of assorted materials that are handpicked. The solutions can be customised for light to medium weight materials that are voluminous in nature. Shelving solutions are used across engineering and retail (supermarkets, apparels, etc.) warehouses; in hospitals, hotels, banks, and financial institutions; and in automobiles, logistics and record & data management sectors.

Typically, static shelving systems are used as they are inexpensive to purchase and install compared to mobile shelving. Static shelving are less feasible when there is a space constraint as they can't adapt to it while Mobile shelving can be adapted. Static shelves are usually very strong and has heavy load bearing capacity.

While palletised racking solutions are ideal wherein huge volume of standard-type products are produced, stored, retrieved, and distributed in and out of manufacturing units or warehouses. For instance, FMCG like pharma, bulk drugs, beverages, foodstuff, and electronic products. Hence, third-party logistics warehouses and regional distribution hubs for manufacturing industries are expected to drive growth for palletised racking. Palletised racking is expected to lead growth on account of strong demand from third party logistics warehouses and regional distribution centres due to GST led consolidation.

Slotted angle racking, multi-tier racking systems, etc., are suitable for manual retrieval of assorted materials such as records, cartons, printed packing materials, stationery, pharma products, cosmetics, toiletries and other consumables.

Shelving industry occupies higher share in volume terms (FY18E)



Note: Others include mezzanine flooring, wooden pallets etc.
Source: Industry, CRISIL Research

AS/RS solutions

Automated storage and retrieval system (AS / RS) racking are gaining prominence on account of the following:

AS / RS can be used across consolidated and modernised warehouses. It comprises of computer-controlled methods for automatically placing and retrieving loads from specific storage locations.

They are typically used in applications where there is a very high volume of loads being moved into and out of storage and storage density is important because of space constraints.

Organised players have the capability to customise storage solutions according to the client's requirements rather than unorganised players don't. Hence, organised players are growing faster on account of higher realisation, better product and client mix, and larger volume.

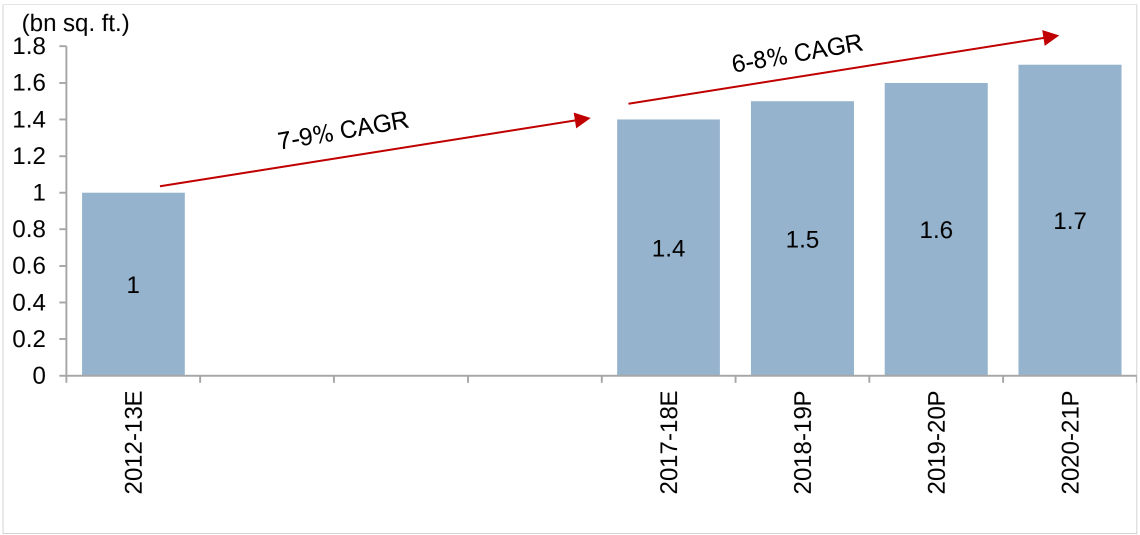
Growth drivers

Warehousing industry

GST implementation: Warehousing industry, a key growth driver

Under the storage solutions industry, warehousing (captive and third party logistics warehouses) occupies a lion's share, i.e., 45-55%. CRISIL Research expects industrial warehousing to grow at 6-8% CAGR in volume terms from 1.4 billion sq ft to 1.7 billion sq ft over fiscals 2018 to 2021. Organised industrial warehousing players are expected to grow at a faster pace in value terms on account of the Goods and Services Tax (GST) implementation.

Industrial warehousing to grow at 6-8% CAGR



Source: Industry, CRISIL Research

Going forward over fiscal 2018 to fiscal 2021, we anticipate the mix between shelving and palletised racking to remain broadly similar as the strong growth in end-user industries would drive the growth in both these segments.

The growth in shelving solutions will be predominantly driven by end user industries namely e-retail and organised retailing (physical platform) which is expected to grow at a healthy pace over next 3 years. E-retail industry is expected to clock 35-40% CAGR between fiscals 2017 to 2020 whereas organised retailing industry (physical platform) is expected to grow at 14-16% CAGR between fiscals 2018 to 2022.

Growth in racking solutions is largely driven by third party (3PL) logistics players which CRISIL Research estimates to grow at a CAGR of 19-21% between fiscals 2017 to 2020.

GST implementation is expected to increase the share of organised players in the storage solutions industry on account of the following:

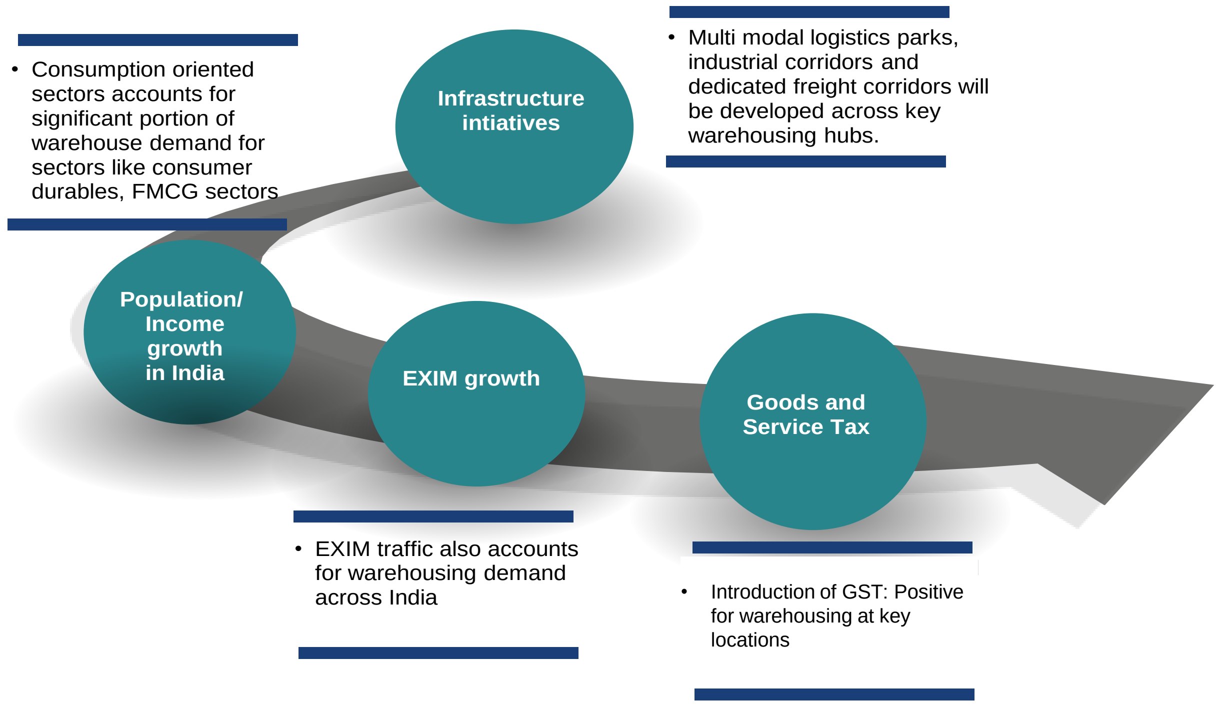
End-user industries are realigning their supply chain network and resorting to fewer but larger warehouses. For instance, the number of warehouses that a consumer durables company typically uses could reduce to 10-12 from 25-30 at present, and to 30-35 from 45-50 for an FMCG company. Warehouses are also expected to get bigger. CRISIL Research estimates maximum consolidation to take place in consumer durables, followed by FMCG, owing to the higher turnaround time of ~48 hours for the former, compared with 24 hours for the latter. Hence, the share of organised players will improve as they will be in a position to leverage the demand for big boxes that springs from the consolidation.

Also the infrastructure of Indian warehousing industry has improved over last few years with area of single warehouses increasing from 30,000-40,000 sq ft to 100,000-200,000 sq ft and vertical height of warehouses increasing from 4-5 m to 9-12 m to efficiently utilise the area. This in turn has increased the share of organised players who have the capability to provide customised solutions.

Infrastructure and tax reforms

Government's support for infrastructure and tax reforms among other growth drivers for industry

Demand drivers for warehousing industry



Many businesses have already been revisiting their supply chain decisions post GST implementation. This may give a major impetus to the logistic industry at pan India level. Many companies are expected to migrate from a current strategy of 'multiple warehousing' to the 'hub and spoke' model as tax treatment across India will be same. It would lead to aggregation of state-based warehouses into large regional warehouses that would offer cost and operational efficiency.

With the consolidation of warehouses, logistical inefficiency declines, the hub-and-spoke model (centralised distribution system feeding smaller distribution centres) proliferates and service levels improve. From now on, most business decisions will be focused on supply chain efficiency and not on state-wise tax arbitrage. This in turn, may lead to a major business opportunity for organised warehousing players operating large sized warehouses in key geographies. The share of organised industrial warehousing players is expected to increase as they are in a position to leverage the demand for large warehouses that springs from the consolidation due to GST implementation.

Government's infrastructure initiatives such as dedicated freight corridors (DFCs), and industrial corridors (ICs) across India will support the warehousing requirement across the key locations.

- The development of various industrial corridors such Delhi-Mumbai, Bangalore-Chennai, Mumbai-Bangalore, Amritsar-Kolkata, and Vizag-Chennai will help build an efficient industrial infrastructure and logistics ecosystem across the key warehousing locations.

- For instance, the development of a dedicated freight corridor from Vasai in Mumbai to Dadri in Uttar Pradesh will support existing warehousing locations such as Mumbai and NCR. Dadri in UP is within a range of 50-100 km from Ghaziabad and Gurgaon, which are key warehousing locations across NCR.

Government is also taking other initiatives such as creation of multi modal logistics park which will create multi modal access for cargo in both domestic and export market by providing the following types of services such as multi modal freight transportation, storage and warehousing, freight aggregation and distribution and value-added services.

Intense competition, poor connectivity and lack of skilled manpower are major inhibitors for warehousing industry across India

Warehousing industry is largely fragmented with unorganised players occupying majority of share in volume terms. However, GST implementation will increase the share of organised players in the medium term. Organised players largely develop PEB (Pre-engineered building) warehouses and provide value added services which fetch higher rentals, compared to unorganised players.

Another issue is the lack of land availability with proper infrastructure connectivity. However, the government is working on connecting key warehousing hubs across India by Industrial Corridors or Dedicated Freight Corridors to facilitate the cargo movement across country; as majority of freight movement in India is done via road. Development of industrial corridors is expected to enable proper road infrastructure such as 4 lanes and 6 lanes to reduce the transit time. Moreover, lack of skilled man power in the industry poses a challenge as there are no additional incentives for the labour.

E-commerce on a healthy growth trajectory

The e-commerce industry, another major user of storage solutions across India, is set on a healthy growth trajectory. The online retail segment is expected to clock 35-40% CAGR between fiscals 2017 to 2020. But it will still be slower than the past three years on account of higher base, players shifting focus from improving topline through discounts to increasing operational efficiency, and improving profitability. Further, increasing penetration of the internet and smart phones (with mobile apps) and greater consumer awareness will support the golden growth story. Among various segments, online grocery, which has caught the attention of all major players and has seen significant investment this year, will be the fastest growing segment. Apart from this, continued focus of major players on existing business segments such as electronics, apparels and fashion will drive growth. With the omnichannel strategy gaining prominence, the e-retail industry will lead the growth of overall organised retailing sector, rather than pose competition to existing players.

Among others, end-user industries such as organised retailing, consumer durables, auto components, and pharmaceuticals are expected to support growth.

Review and outlook on the gear and gear box market in India in the non-automotive industry

Introduction to gears and gearboxes

A gear set or gear pair is a mechanical device, commonly utilised to increase the output torque or change the speed (measured as revolutions per minute, or rpm) of a prime mover. A gearbox is typically an assembly of several such gear pairs, counter shaft, main shaft, and bearings enclosed in a metal housing. A geared motor is an assembly of a gearbox and an electric motor.

A gearbox is attached with a prime mover on one end and equipment to be driven on the other end. Prime movers are generally electric motors. Rotational speed as well as torque output of gearbox is a function of gear ratio. Gear ratio is defined as the correlation between the number of teeth of two different gears forming a gear pair.

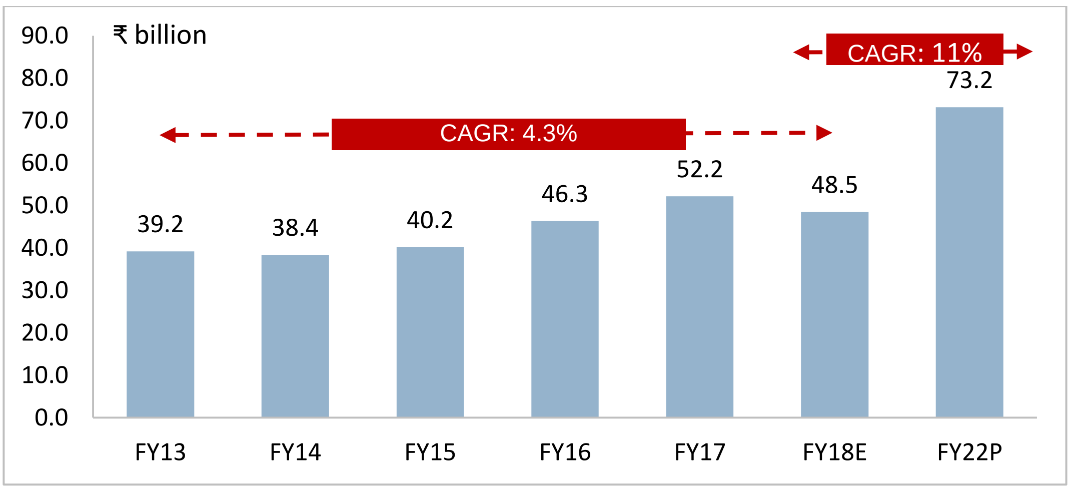
High output torque can be achieved with a design that has a higher gear ratio and vice versa. A high output speed can be achieved with a design with a lower gear ratio and vice versa. Therefore both torque and speed are inversely proportional to each other.

Gears are manufactured typically through a three stage process, comprising hobbing, hardening, and grinding. Hobbing is a machining process for gear cutting, and cutting splines and sprockets on a hobbing machine. Hardening can be either through hardening or surface/case hardening. In case hardening, the surface of the gear will be harder compared to the core. Hardening is done to increase wear resistance and durability of rotating parts. Grinding is a finishing process to remove the distortion of tooth surface, after the heat treatment operation to obtain a predetermined quality of the gear. Gear grinding is done to meet the exact requirements of form, dimension, and surface texture. This gives a very high degree of dimensional accuracy. Case hardened and profile ground gears, in particular, have the ability to deliver higher torque and efficiency.

Review and outlook on the domestic industrial gears and gearboxes market

CRISIL Research estimates the domestic market for industrial gears and gearboxes to have grown at a compounded annual growth rate (CAGR) of 4-5% to ₹ 46-51 billion between fiscals 2013 and 2018. CRISIL Research forecasts the domestic industrial gear and gearboxes market to grow at 10-12% CAGR over fiscals 2017 to 2022 to ₹ 70-77 billion in fiscal 2022.

Review and outlook on domestic gears and gearboxes (₹ billion)



Note: Includes gear boxes, geared motors, loose gears, and other components such as gear box housing, etc.
Source: CRISIL Research, Industry

Wind power projects, conventional sectors such as cement and steel are among major end-users

Demand for gears and gearboxes was driven by the execution of ~16.4 GW of wind projects as well as an overall ₹ 1.1 trillion investments in the railways during fiscal 2013 to 2018 period. Demand from wind projects, in particular, picked up significantly between fiscals 2015 and 2017, owing to 56% jump in wind capacity addition in fiscal 2017. Demand from wind power dropped significantly on account of reduced accelerated depreciation and expiry of generation based incentives and states formulating competitive bidding policies.

Demand from conventional sectors such as power, steel, cement, and mining remained low-key owing to lack of major capex investments. Demand from thermal power dropped because of lack of new capacity additions, in the light of a shift in government focus towards renewable energy sources such as wind and solar.

Contribution of wind power dropped in fiscal 2018 due to slow down in wind power capacity addition leading to drop in its overall share to 16-18% from ~25% in fiscal 2017. Conventional sectors (cement, heavy metals, power, mining etc.) together contributed to 55-60% share in fiscal 2018. Other sectors such as railways, fertilisers, textiles, chemicals, printing, packaging, plastic, cranes, defence, etc. contributed to the rest. Gears used in elevators, plastic extrusion, printing machines are estimated to together account for 5-10% of the overall gear and gear boxes industry.

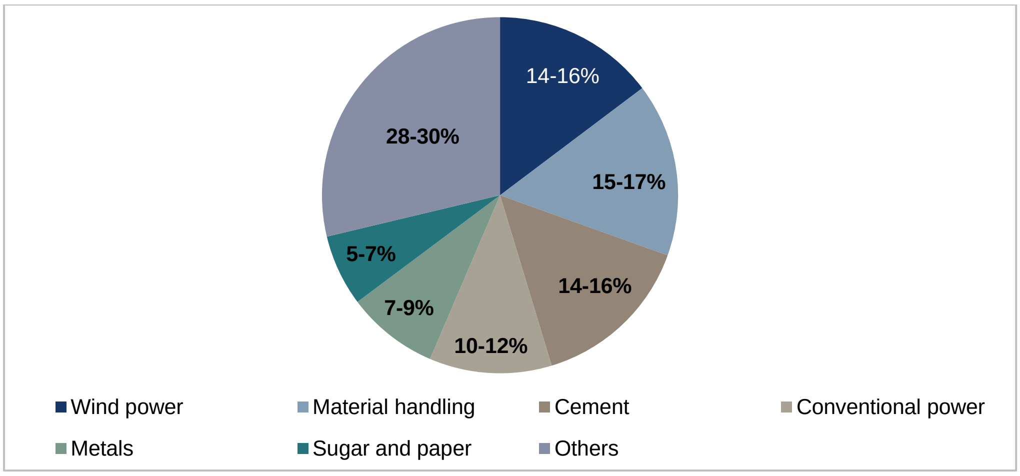
Intensity of gears and gearboxes differs across application, depending upon processes and material handling requirements. For a given application, the gear box requirement changes substantially as per the plant configuration (capacity, plant design, etc.).

Indicative gear and gearbox intensity across applications

Application	Plant capacity	Gear and gearbox investments (₹ million)
Cement	1 MTPA[17]	48-53
Steel	1 MTPA	30-35
Thermal power	1 MW[18]	0.9-1.2
Sugar	1 TPH[19]	25-28

Source: CRISIL Research, Industry

Domestic gears and gearboxes demand by applications in fiscal 2018 (₹ 48.5 billion)



Note: Others include elevators, printing machines, plastic extruder, rubber, chemical, pharma, plastics, marine, crane, packaging etc
Source: CRISIL Research, Industry

Over the forecast period wind power is expected to continue driving demand for gearboxes over fiscal 2018 to 2022 despite the major drop in installations during fiscal 2018. CRISIL Research expects wind power capacity additions over the period at 17 GW compared with 14.9 GW over fiscals 2013 to 2017.

[17] Metric tons per annum
[18] Mega watts
[19] Tons per hour

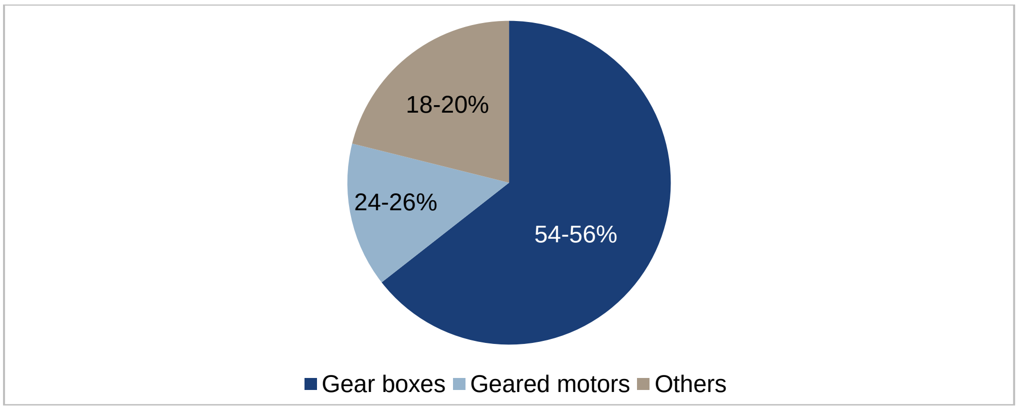
Demand for gears will be robust from the railway and urban mobility sector due to huge investments in metro and railway projects over the forecast period. Demand from these sectors is expected to grow at 8-10% CAGR. Pick-up in infrastructure projects and increased mining activity is expected to drive gear and gearbox demand in off-highway equipment.

Demand from new conventional power projects will remain lacklustre due to the shift in focus towards renewable energy till fiscal 2022. Demand from new steel and cement plants will remain benign due to lesser pace of capacity additions over fiscals 2018 to 2022 compared with the past five years. However, investments in long steel products capacity is expected to support gear and gearboxes demand. Customised gear and gearboxes demand will likely grow at a robust 8-10% on account of replacement demand and import substitution. Orders from the defense sector will also support demand for gear and gearboxes.

Geared motors outpace gearboxes growth owing to convenience in commissioning

Gearboxes accounted for 54-56% of the total gears and gearboxes market in fiscal 2018, followed by geared motors with 24-26% share. The balance 18-20% belonged to loose gears, gear box housings, and coupling products. Demand for geared motors grew at 10-11% CAGR between fiscals 2013 and 2018, whereas that for gearboxes, at 3-4% CAGR. Geared motors have seen growing preference owing to its plug and play design vis-à-vis gearboxes, which requires installation of electric motors separately. Geared motors are particularly preferred in <125 kw power output applications. Loose gears primarily find applications in railways, textile machinery, and as a replacement product across all industrial applications.

Domestic gears and gearboxes demand by components in fiscal 2018 (₹ 48.5 billion)



Source: CRISIL Research, Industry

Helical/ bevel-helical gears dominate the market

Helical/ bevel-helical gears dominated the overall gears demand with ~55% share, in fiscal 2018 owing to its high efficiency and maintenance-friendly operation. These gears have grown at ~6-7% CAGR, replacing worm gear applications.

Planetary gears account for ~35% of demand, with wind, sugar, and material handling equipment as major applications. These gears have grown at 9-10% CAGR between fiscals 2013 to 2018. The sugar industry particularly moved from helical to planetary gears for better crushing and power saving. Planetary gears are also preferred in plants with space constraints.

Worm gears form ~10% of the demand, with cranes, elevators, and escalators as major applications. This category has been losing share, de-growing at a compounded annual rate of 2-3% because of its lower efficiency.

Over the forecast period the worm gear market will continue to de-grow at 2-3% CAGR due to higher efficiency of helical/ bevel helical and planetary gears. Helical/ bevel-helical gears are forecast to grow at 5-6% CAGR whereas planetary gears will grow at 7-8% CAGR driven by growing acceptance of planetary gears.

Competing gearless technologies such as direct drive systems, hydraulic, and electromagnetic drives are not likely to be a threat to the gear and gearboxes industry over fiscals 2018 to 2022 due to factors like lack of economic viability, maintenance capability, durability and reliability.

Import substitution driving customised demand

Customised gears and gearboxes form 20-25% of the demand, while standardised or catalogue products form the rest. Customisations in terms of box housing, mounting, gearing train, and changes to shafts fall under the customised gear and gearbox market. Substitution of imports by locally customised products is driving demand in this segment. Wear and tear replacement of spares in imported machinery by industrial users is also a contributor.

Imports form ~35% of demand

Foreign players are primarily engaged in import of components and local assembly of gearboxes and geared motors. They dominate the geared motors segment, whereas domestic players dominate the gearboxes market.

The market is fairly organised and competitive

The market for gears and gearboxes is fairly organised and competitive, with the top 15 players representing ~70% of market. The unorganised segment accounts for ~8-10% of the demand, largely catering to loose gears demand in textiles and crane applications. Elecon Engineering, Premium Power Transmission, Shanthi Gears, and New Allenberry Works are key Indian players. Major foreign players include ZF Wind Power, Bonfiglioli Transmission, Siemens, SEW, and Nord Drive Systems. The windmills sector is particularly dominated by foreign gearbox manufacturers.

Application industries for gearboxes

Gear and gearboxes have a wide range of industrial applications

Power	• Apron feeder • Paddle feeder • Wobbler feeder • Crusher • Belt conveyor	• Bucket elevator • Cooling tower • Agitator • Air preheater • Ball mill	• Vertical coal pulverizer • Screw conveyors • Reclaimer • Clinker grinder • Scrapper grinder	• Slurry pump etc.
Steel	• Pulverizing mills • Raw material handling system conveyors • Sinter plant conveyors	• Blast furnace conveyors • Ladle crane • Roller table • Hot & cold rolling mills	• Hot sizing mill • Heavy duty rolling mill • Pinch roll • Recoiler	• Looper • Cranes/ EOT cranes
Cement	• Apron feeder • Paddle feeder • Wobbler feeder • Crusher	• Belt conveyor • Stacker belt drive • Bucket elevator • Ball mill	• Raw mill • Rotary air lock • Chain feeder • Rotary kiln	• Clinker crusher • Grate cooler • Vertical roller mill etc
Sugar	• Cane carrier • Cane chopper • Cane shredders	• Conveyors • Crystalliser • Diffuser	• Feeder table • Main mill drive • Pressure feeders	• Rake elevator / elevator • Turbine etc
FMCG/ Pharma	• Agitator • Feeder • Mixer	• Conveyor • Turn table • Dosing	• Palletisating • Lifting • Filling	
Chemical	• Agitator	• Feeder	• Mixer	• Rotary dryer
Plastic	• Extruder drive	• Twin screw	• Vertical extruder drive	
Crane	• Hoists • Long travel	• Cross travel • Winch	• Bridge travel • Girder ladle crane etc	
Others	Elevators, Marine	Compressor, Textile	Printing machines, Wind mills	Metro/ Railways, Defense; Mining, Palm oil

Source: CRISIL Research, Industry

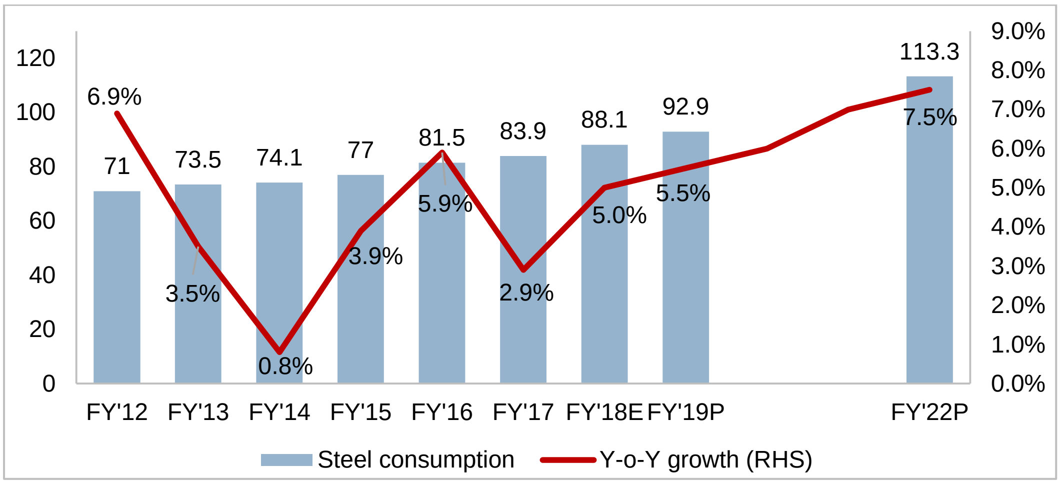
Key growth drivers for Indian gears and gear boxes market

Steel sector growth

Affordable housing and infrastructure projects to propel demand; steel demand to grow at 6-7% over fiscals 2018 to 2022

The execution project pick up of steel intensive sectors such as railways and urban infrastructure, primarily metros (highly steel intensive) coupled with robust growth in the automobile industry (estimated at 12-14% on-year in fiscal 2018) led to India's steel demand growing by 5.2% from April-December 2017.

Review and outlook for domestic steel demand FY12 to FY22 (million tonne)



E: Estimated; P: Projected
Source: Joint Plant Committee (JPC) and CRISIL Research

Growth in Material Handling Equipment (MHE) demand

MHE revenue to continue on downward trajectory

The material handling equipment (MHE) industry has been unable to contain the fallout of subdued investment in end-user sectors such as power, cement, steel, ports, and petrochemicals. The industry's revenue fell 8% in fiscal 17 and expected to fall by 5% and 3% in fiscals 18 and 19.

Further, CRISIL Research estimates the quantum of investment to be much lower than that witnessed in the past as demand for power (a major contributor to MHE demand) is expected to remain low. Lack of fresh power purchase agreements, stretched financials of developers and delays in environment clearances in the power sector are other key reasons for low investments in the sector. Over capacity in sectors like steel and cement among other operating challenges would also contribute to low investments over the next 5 years. Only the mining sector is expected to witness a continuous rise in investments over the next 5 years.

Mining: Strong capacity additions favour MHE investments

Around ₹ 715 billion will be invested in the coal mining sector over next five years, compared with ₹ 395 billion in the previous five years. CRISIL Research expects these investments to translate into a ₹ 118 billion opportunity for MHE players between fiscal 18 and fiscal 22, compared with ₹ 65 billion in the previous five years.

Growth in demand for elevators

Growth in urbanization, growing demand for high rise buildings due to limited opportunities for horizontal expansion in major metro cities and growth in commercial sectors like retail, hospitality, healthcare, business services is driving demand for elevators in India. In addition government initiatives like Smart Cities, AMRUT

(Atal Mission for Rejuvenation and Urban Transformation), modernization or airport and railways, investments in metro projects is expected to drive demand for elevators, escalator and travelators.

Indian elevator, escalator market is estimated to be around 60,000 units which is projected to grow at 8-10% CAGR till FY 2022.

Growth in demand for extruded products

Extruded products are primarily being used in packaging, building/ construction and automotive sectors. Film extrusion accounts for share in overall extrusion products market in India followed by profile and pipe extrusion.

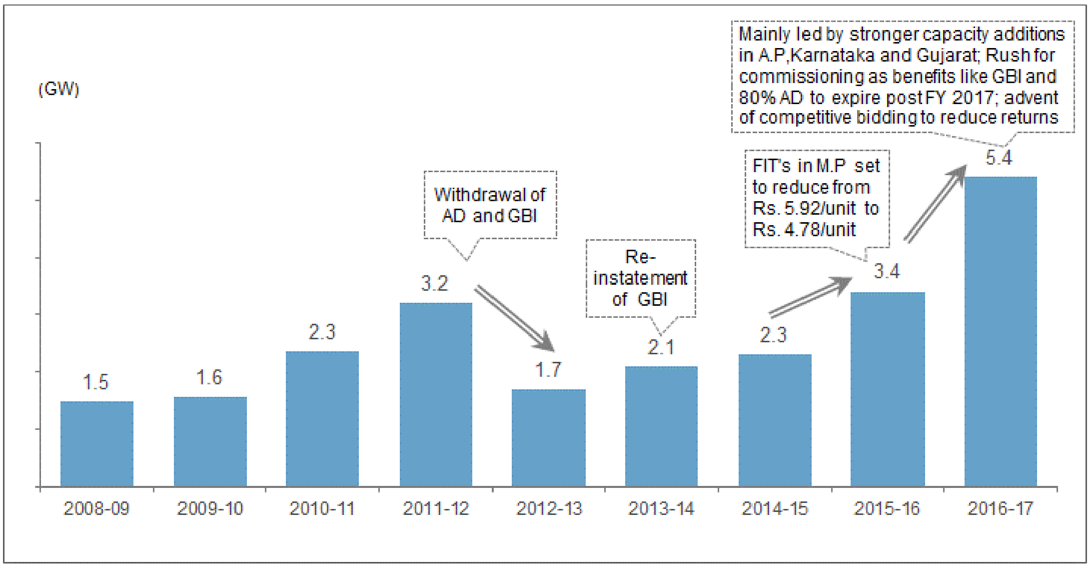
Demand for extruded products in packaging will be primarily driven by very low per capita consumption levels of polymers in India. Per capita consumption of polymers in India stands at approximately 11 kg compared to global average of approximately 28 kg. Change in lifestyle of families, growth in per capita income, shift in preference from rigid packaging towards flexible packaging and underlying growth in FMCG (processed food, beverages, cosmetics, consumer products, toiletries processed food, beverages, cosmetics, consumer products, toiletries etc) and pharma sector is expected to drive demand for packaging products in turn driving demand for extrusion machinery and gearboxes used in these machineries.

Wind power capacity addition

Capacity addition rose sharply in fiscal 2017 on account of retiring government incentives and phasing out of feed in tariff regime by states

While wind power constituted only 9.2% of the total power generation installed capacity (~315 GW) as on March 31, 2017, its share in total renewable energy capacity (58 GW) was 55%. It is estimated that wind power accounted for about 3% of the total power generated in fiscal 2017.

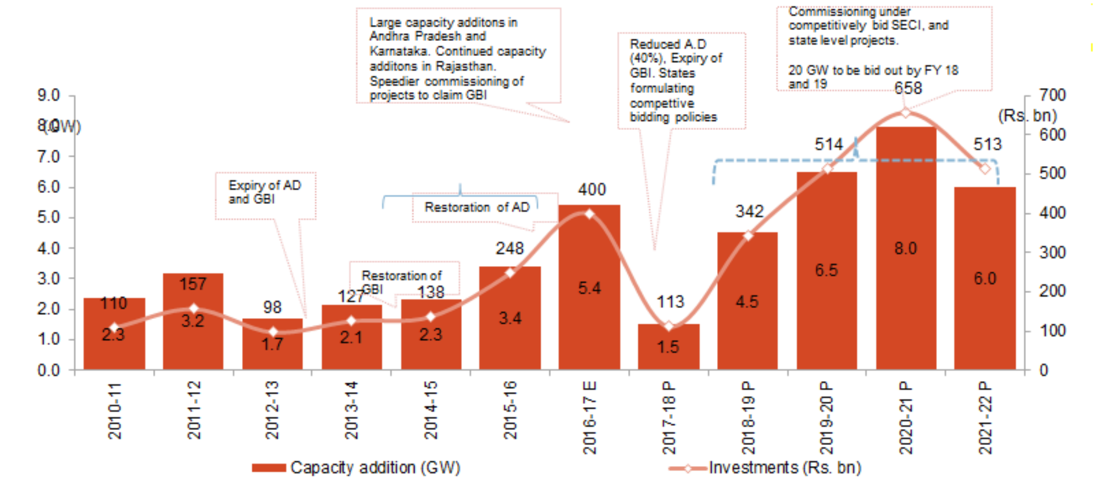
Capacity addition (FY09 to FY17)



Source: Ministry of New and Renewable Energy (MNRE), CRISIL Research

Outlook on wind power capacity addition

CRISIL Research expects wind power **capacity addition of 25-26 GW over fiscal 2018 to 2022,** entailing an investment of ~Rs 1,900 billion.



Source: Ministry of New and Renewable Energy (MNRE), CRISIL Research

Cement sector growth

Cement demand is expected to increase by 5.5-6.5% on-year in fiscal 2018 on the back of increased spends on roads and railways, push towards affordable housing by the central government, materialisation of pent-up demand, particularly in rural housing and low base of Q3 in fiscal 2017.

Pan-India growth expectations

	2015-16	2016-17	2017-18P	FY18-FY22P
Pan India Cement demand outlook	4.2%	0.9%	5.5-6.5%	6-6.5%

Source: CRISIL Research

Over a five-year period, cement demand is projected to clock 6-6.5% CAGR, led by a revival in government spending in housing (esp. affordable housing), marginal uptick in private housing, and fast growth in infrastructure spends (esp. urban infrastructure, road, and irrigation). At the regional level, the eastern states followed by central and north regions of India would see healthier growth in demand over a low base as state governments sharpen their focus on development.

Investments in Railways

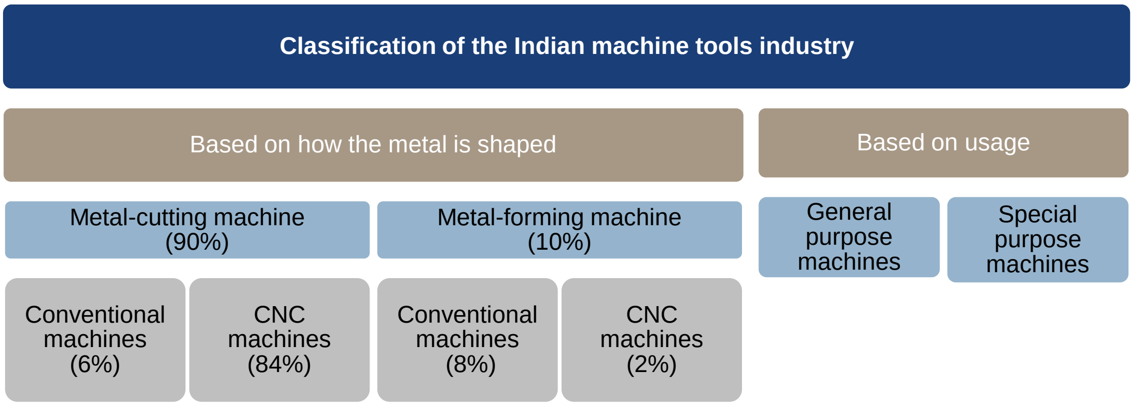
The Indian Railways has embarked on a much-needed course correction with an investment outlay of ₹ 8.56 trillion over fiscals 2016 to 2020. For scale, this is ~3.5x the actual capex made during the fiscal 2011 to 2015 period. More significantly, ~Rs 1 trillion of the outlay has already been spent in fiscal 2016, indicating the government's resolve to ensure the plans materialise within defined timeframes.

Review and outlook on Special Purpose Machine market in India

Special purpose machines (SPMs) are customised machines deployed to automate industrial processes to ensure high productivity. Based on their usage, these are classified as general purpose machines and SPMs. Usage of SPMs reduces chances of human error and decreases human fatigue in carrying out repetitive operations. It assures consistent quality and interchangeability of parts by carrying out the same designed process each and every time without any shortcuts.

SPMs, designed to operate for 24 hours a day with minimum supervision, are mostly product-specific and need to be designed and developed for each individual requirement. These SPMs are either cam-operated machines or use hydraulics and pneumatics as actuating elements or a combination of all. Many times, a dedicated programmable logic controller is used in conjunction with positional sensors and transducers to give commands to the actuating elements. Sometimes, different special motors such as stepper and servo motors are used as actuating elements.

Since SPM manufacturers are mostly machine tool manufacturers, SPMs are considered a part of the machine tools industry. However, not all machine tool manufacturers possess the capability to produce SPMs since these require strong design expertise, technical know-how, and industry knowledge. Contract manufacturing of machines and sub-assemblies is estimated to be ~10% of overall SPM demand in India. Further demand for SPMs is cyclical in nature and, hence, standalone players are very few.



Note: CNC-Computer Numerical Control
Figures in bracket indicate percentage contribution by value
Source: Industry, CRISIL Research

Only players with skilled manpower and design capabilities manufacture SPMs. SPMs are wide-ranging in terms of functioning and scale, resulting in players producing specific SPMs. While competition is high in the manufacture of less complex SPMs, machines requiring high precision and design standards are produced by few players, providing them higher bargaining power. SPM manufacturers in Bengaluru command a premium over other regions due to the superior design and quality of the machines.

Types of SPMs

Leak-testing machines

Leak testing is used to detect manufacturing defects, verify integrity of products, and improve consumer safety. For example, the automotive industry uses the leak-testing process to verify assembly operations are completed properly and sub-components are leak-free. The main component of many leak-testing methods is the concept of leak flow, which refers to the leakage of a gas or liquid from the product. Manufacturers producing parts containing gas or liquid need to know if their products include any defects that could allow leakage. Defective products can be costly due to increased warranty claims and for potentially endangering consumer safety.

Source: Industry

Press machines

Press machines are used in metal extrusion and sheet metal fabrication processes. Hydraulic and mechanical presses are employed during sheet metal formation to the extent that sheet metal processes, in general, are often referred to as press working. Presses may be used in manufacturing plastic parts, while machining operations, such as broaching, may also require presses. Press machine tools vary in size and in the amount of force they can exert. The energy from a press is often used to do work requiring a tremendous amount of force, such as a large amount of plastic deformation of a sizable piece of metal. The method and nature by which a press machine delivers its energy will vary, depending on its type.

Source: Industry

Gauging machines

Gauging machines are used primarily for inspecting and adjusting inside callipers to check large dimensions and measure large-end standards.

SPMs offer tremendous scope for high volume production at low investment and at low cost of production when compared with CNC (computer numerical control) machines. A judicious combination of limit switches, sensors, logic controls, automatic job clamping, etc., is the essence of an SPM. A well-conceived SPM finds ways and means to utilise man and machine to the optimum.


Source: Industry

Washing machines

A range of washing and drying machines are manufactured for various industries such as coal mining, automobiles, hospital, consumer durables, food production, and pharmaceutical applications.

Source: Industry

Nut runner SPMs

Source: Industry

Nut runners and nut drivers are used to tighten nuts. By definition, nut drivers are mechanical hand tools, while nut runners are pneumatic, electric, or hydraulic power tools. Pneumatic nut runners are powered by compressed air and vary in terms of air fittings and air consumption. Electric nut runners use a DC (direct current) controller as a power supply. Handheld cylindrical devices are lightweight and portable. Pistol-style devices with trigger actuators are also available. Large nut runner systems are designed to be mounted in a fixed position, usually on an assembly line. Since they provide tight torque control, nut runners and nut drivers are used in a variety of precision fastening and assembly applications. Some nut runners are used on automotive or appliance assembly lines. Others are designed for turning, tightening, tapping, reaming, bevelling, and expanding applications.

Assembly line SPMs

SPMs for an automated automotive assembly process are essential for automotive manufacturing. These machines include PLC-controlled, PC-controlled, integrated vision inspection, laser marking, dot peen marking, etc. All types of test benches with data logging and data acquisition are also used. A list of few such machines are control cable manufacturing machines, speedometer and steering wheel assembly lines, motor noise test benches, window regulator test benches, vision-based inspection stations, FFT test benches for automotive electronics, etc.

Source: Industry

Vertical machining centres (VMCs)

CNC vertical machining centres (VMCs) remain machine shop staples. These milling machines have vertically oriented spindles that approach workpieces mounted on their table from above and commonly perform 2.5- or 3-axis machining operations. They are less costly than horizontal machining centres (HMCs), which makes them attractive to small job shops as well as larger machining operations. In addition, the performance capability of these machines has increased over the years, leveraging technologies such as high-speed spindles and advanced CNC capabilities (including conversational control programming). Ancillary equipment is also available to increase the flexibility and capability of these machines, including spindle speeders, angle heads, tool- and part-probes, quick-change work holding devices, and rotary indexers to enable four- or five-axis machining work.

Horizontal machining centres (HMCs)

Source: Industry

An HMC has a spindle in a horizontal orientation. This machining centre design favours uninterrupted production work, one reason being that the horizontal orientation ensures chips fall away and, hence, don't have to be cleared from the table. More significantly, the horizontal design allows a two-pallet workchanger to be incorporated into a space-efficient machine. To save time, work can be loaded on one pallet of an HMC while machining takes place on the other pallet.

Milling machines

Source: Industry

A milling machine has numerous functions. Each machine has a cutter that operates at various speeds so the required shape can be fashioned. With its adjustable speed feature, each milling machine can be regulated for a more precise cut. The machine is capable of handling multiple tasks such as carving, threading, milling, drilling, and cutting. There are several types of milling machines, each with varying functions based on standard criteria. Manufacturers often name the different machines according to the kind of control, number of axis present, orientation of the spindle, size of the tool, its purpose, and source of power. While there are several varieties of milling machines available today, they essentially serve the same functions but use different terminologies.

Major growth drivers for SPMs

Automobiles

Introduction of BS-VI norms to lead to demand uptick in fiscal 2019; to remain steady in long run

The Auto Fuel Policy 2025 envisaged the Bharat Stage-IV (BS-IV) rollout for the entire country by 2017, BS-V by 2021, and BS-VI by 2024. However, in January 2016, the central government decided to skip BS-V norms and shift directly to BS-VI norms by April 2020.

The change in emission norms will necessitate a change in production processes as well as component requirements. This will likely result in demand for SPMs to suit the new production process. CRISIL Research expects higher demand in fiscal 2019 as the auto industry adapts to the new norms.

Tool room and mold base market growth will be driven by underlying growth in of the domestic automobile industry. Growth drivers for the automobile industry are covered under 'Market size of the Indian automobile sector' chapter under 'Demand drivers for the automobile sector' section.

Investments in railways

CRISIL Research expects the investments in the railway sector to increase by about 77% from Rs 3.9 trillion in fiscals 2015-2018 to Rs 6.8 trillion in fiscals 2019-2022.

Defence sector

India has the third largest military in the world and is the sixth biggest defence spender globally. India is also one of the largest importers of conventional defence equipment and spends ~30% of its total defence budget on capital acquisitions. 60% of defence related requirements are currently met through imports. The 'Make in India' initiative by the government focuses on increasing indigenous defence manufacturing and becoming self-reliant. The opening up of the defence sector for private sector participation is helping foreign original equipment manufacturers (OEMs) enter into strategic partnerships with Indian companies and leverage opportunities in the domestic market, as well as globally.

Review and outlook on tool room and mould base market in India

A tool room facility/machine shop is a servicing industry to cater the tooling needs – such as mould base, jigs, fixtures, press tools, die sets, forming tools and moulds – of the manufacturing sector's industrial units, as per their products.

A *tool room* is a room in an industrial unit where various machines are used to manufacture or repair the tools and components that are necessary to produce the final product. Tool room machines are used for shaping, milling, slotting and grinding metals and wood.

A *mould* is a hollowed-out block that is filled with a liquid or pliable material, such as plastic, glass, metal, or ceramic raw material. The liquid hardens or sets inside the mould, adopting its shape.

A *mould base* is a broad name that refers to the parts containing the cavity for the mould to be installed in the moulding machine. Standard mould bases are now being used widely across the world. Mould-base manufacturing includes operations such as drilling, tapping, jig boring, shaping, milling and grinding. The operations involved in manufacturing tools and mould bases are similar.

A *jig* is a device for holding and supporting a workpiece in a machine tool and for guiding the cutting tool. Jigs are similar to fixtures, but they not only locate and hold the part but also guide the cutting tools.

A *fixture* is a work-holding or support device used in the manufacturing industry. Since the advent of automation and computer numerical controlled (CNC) machines, jigs are often not required because the tool path is digitally programmed and stored in memory.

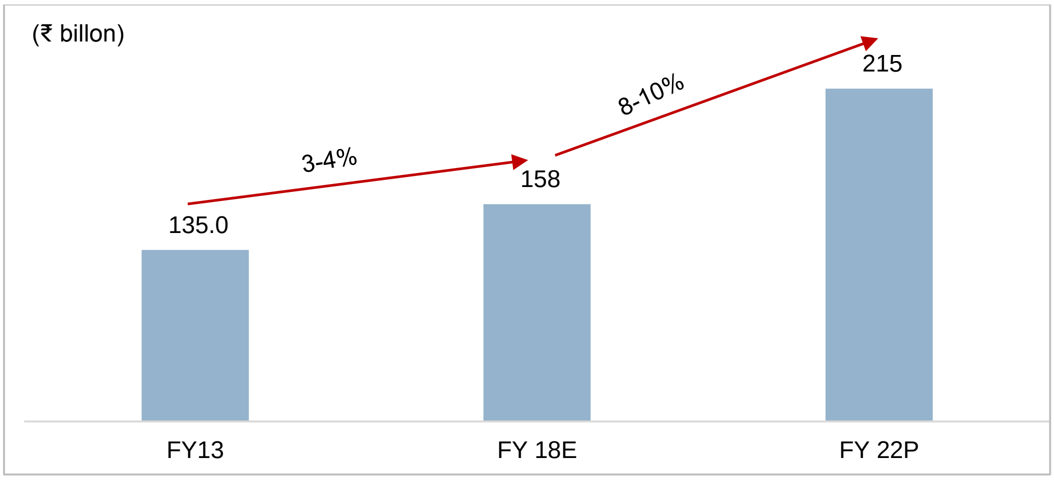
Note: Tool room or tooling industry covers all the above components and will be referred as tooling industry in the report.

Source: Industry

Review and outlook on the domestic tool room and mould base market

Domestic demand remained lacklustre up to fiscal 2018; demand to accelerate up to fiscal 2022

Review and outlook on domestic tool room and mould base demand

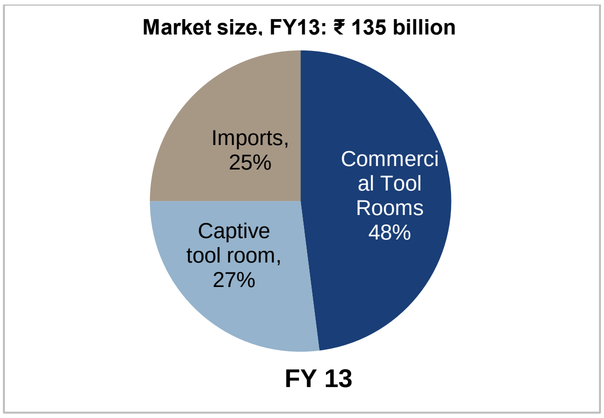


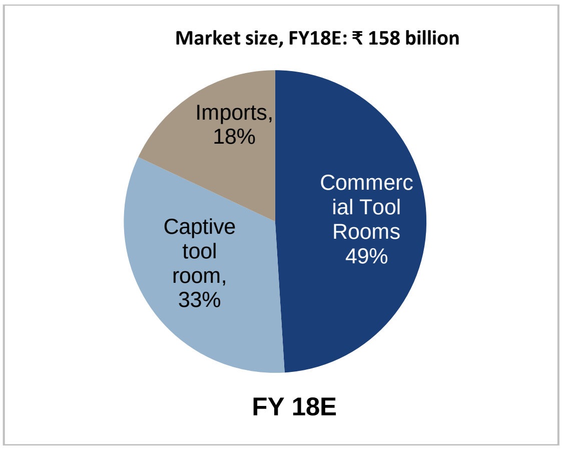
Note: Includes Tools, moulds dies and fixtures
Source: CRISIL Research

The tool room industry is estimated to have grown at a compound annual growth rate (CAGR) of 3-4% between fiscals 2013 and 2018, as demand from the automobile industry slowed during fiscals 2013 and 2014. The share of captive tool rooms is estimated to have increased from 27% in fiscal 2013 to 33% in fiscal 2017, with a gradual improvement in demand. The share of commercial tool rooms has remained around 47-49% over the same period. However, imports have declined from 25% in fiscal 2013 to 18% in fiscal 2017.

The tooling industry's market size is estimated to have grown 8% from ₹ 146 billion in fiscal 2017 to ₹ 158 billion in fiscal 2018, driven by growth from the automobile and plastic processing industry. Increasing usage of plastic by the automobiles, consumer durables and electronics sectors, along with growth in consumer-durable demand after the Goods and Services Tax (GST), has aided further growth. Imports are expected to account for 20% of demand, and are mainly low-cost plastic moulds from countries such as China and Taiwan.

Share of domestic tooling demand in FY13 and FY18E

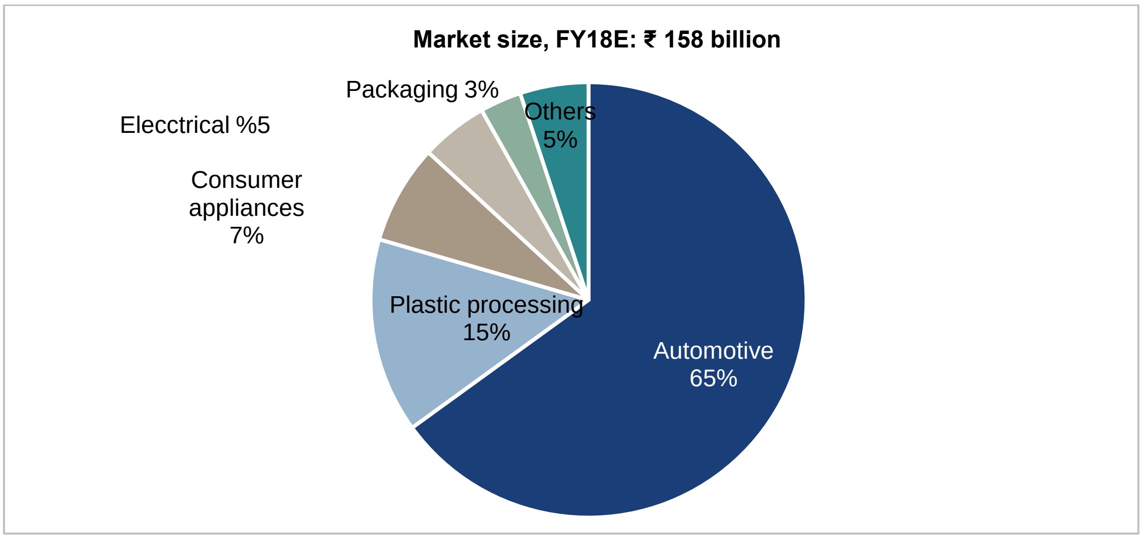




Source: TAGMA, CRISIL Research

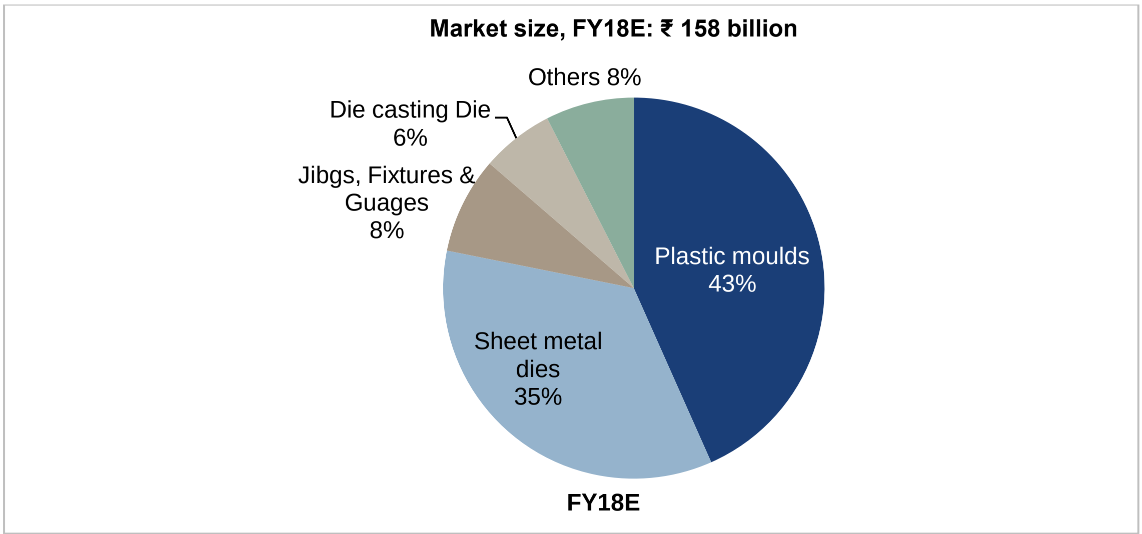
Automobile and auto-component manufacturers are estimated to have accounted for 64% of demand for tools in fiscal 2017, as the industry witnessed strong demand growth from users. The plastic-processing industry, which accounts for a 14% share, also derives significant demand from the automobile industry, with increasing usage of plastic in automobiles. In fiscal 2017, among the various tooling types, plastic moulds have the highest share of 43%, due to demand from automobile as well plastic processing and products industries. Sheet-metal dies, with a 35% share, derive demand from OEMs and auto-component manufacturers.

Industry-wise demand share in FY18E



Source: TAGMA, CRISIL Research

Tooling type-wise demand share in FY18E



Source: TAGMA, CRISIL Research

The tool room industry is expected to grow at 8-10% CAGR between fiscals 2018 and 2022, driven by strong growth from automobile, plastic processing and products sectors. The industry's size is expected to increase from ₹ 158 billion in fiscal 2018 to ₹ 225-230 billion in fiscal 2022.

In the automobile sector, the shift to new emission norms, rising demand and an increase in product launches will lead to higher demand for tools, which could be increasingly met from commercial tool-room players. The trend towards indigenisation of components by major automobile players will further aid demand.

The plastic-processing and products sector is expected to be the major driver for plastic moulds, as demand from packaging increases with changes in consumption trends of FMCG products. The higher usage of plastic in consumer appliances will also drive demand for moulds. Demand from opening of industries such as defence and aerospace, with conditions for local sourcing of components, will lead to additional demand from fiscal 2020.

Industry structure

A tool room is a part and parcel of the manufacturing sector and is closely linked to the growth of various industries. As per the Tool and Gauge Manufacturers' Association (TAGMA), there more than 1,000 players in the tool room industry, of which nearly 85% are small and unorganised players. The tooling requirement is met through three sources – captive tool room, commercial tool room and imports. Many large manufacturing units have in-house tool room departments. Auto components and original equipment manufacturers (OEMs) mostly have captive tool rooms, and account for 5% of the industry units. Commercial tool rooms (CTR) are independent units that cater to the tool room requirement of a variety of industries. The tool room set-up and technical expertise enable them to undertake component manufacturing for other industries. These players account for 50% of units in the industry and are mostly small to medium in size and scale. There are nearly 100 CTR medium-scale manufacturers.

The Indian commercial tool room industry is concentrated in Mumbai, Bengaluru, Chennai, Pune, Hyderabad and NCR, due to the presence of industries such as automobiles, auto components, plastic and general engineering.

BUSINESS

*The industry data in this section has been extracted from the report dated May, 2018, titled 'Studying the Automotive and Industrial Engineering Business in India', prepared by CRISIL Research (the "**CRISIL Report**"). Neither we, nor the BRLMs, nor any other person connected with the Offer has independently verified this information. See "**Certain Conventions, Use of Financial Information and Market Data and Currency Of Presentation - Industry and Market Data**" on page 12.*

*To obtain a complete understanding of our business, prospective investors should read this section in conjunction with "**Risk Factors**", "**Industry Overview**", "**Financial Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 17, 114, 229 and 422, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus. Some of the information in the following section, especially information with respect to our plans and strategies, includes certain forward-looking statements that involve risks and uncertainties. You should read "**Forward-Looking Statements**" on page 15 for a discussion of the risks and uncertainties related to those statements, and also the "**Risk Factors**" on page 17 for a discussion of certain risks that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in, or implied by, forward-looking statements.*

Our Financial Year ends on March 31 of each year, and references to a particular Financial Year are to the twelve-month period ended March 31 of that year. Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Restated Consolidated Financial Information included on page 229.

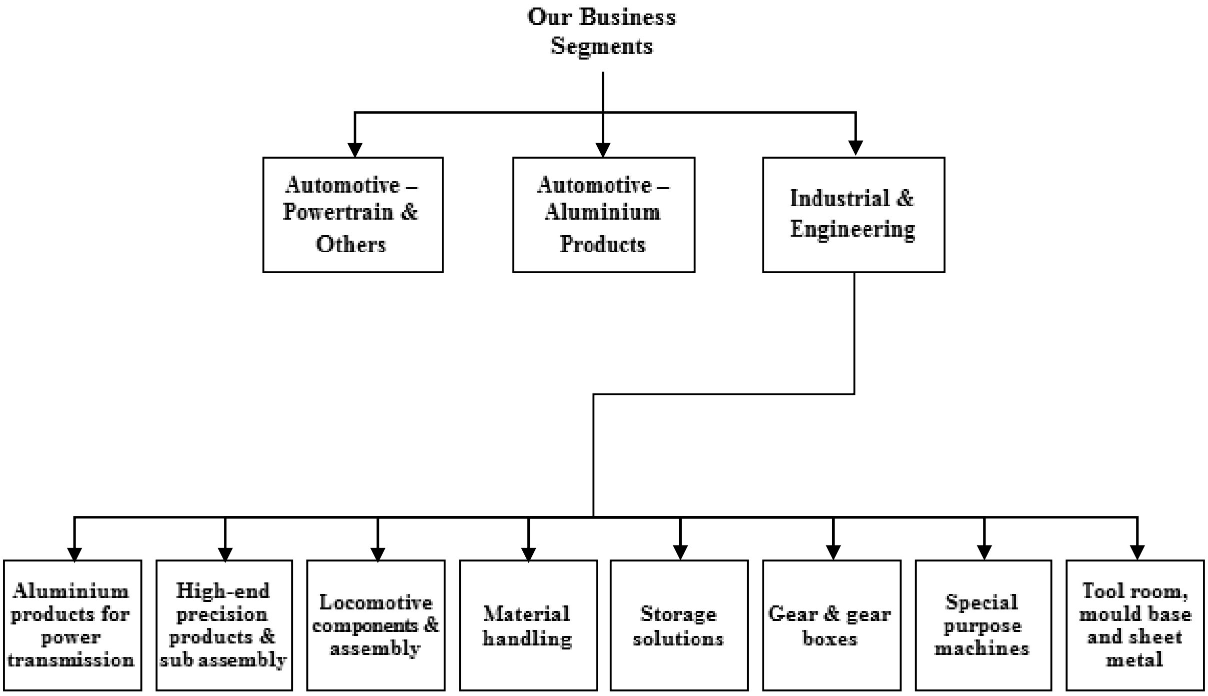
Overview

We are a diversified engineering company with vertically integrated manufacturing capabilities, engaged in three business segments, namely powertrain and other products for the automotive segment ("**Automotive - Powertrain and Others**"), aluminium products for the automotive segment ("**Automotive – Aluminium Products**"), and industrial and engineering products segment ("**Industrial and Engineering**").

We commenced our operations in 1986 in Coimbatore, in the State of Tamil Nadu, India, founded by our Promoter, Chairman and Managing Director, Srinivasan Ravi, a mechanical engineer and a first-generation entrepreneur with over 32 years of relevant industry experience.

Our manufacturing facilities include aluminium foundries, pressure die casting facilities, machining and allied facilities, heat treatment, fabrication, and assembly facilities. Our strong in-house engineering and design capabilities help us offer comprehensive solutions and products to our long standing marquee domestic and international customers in the segments in which we operate. We are the largest player involved in the machining of cylinder blocks and cylinder heads in the medium and heavy commercial vehicles category and are amongst the top three players in machining for the tractor segment. *(Source: CRISIL Report)*

Our business segments as set out below:



To provide comprehensive solutions across our business segments, we have undertaken forward and backward integration enhancing our in-house manufacturing capabilities. These capabilities have evolved over a period of time to become standalone business segments catering to our customers, in addition to meeting our internal requirements.

Our core competence in machining and assembly of industrial and engineering products has helped us to establish ourselves as a significant player in the Automotive - Powertrain and Others segment. We have leveraged our long presence in developing aluminium products for precision components to establish and grow the Automotive - Aluminium Products segment.

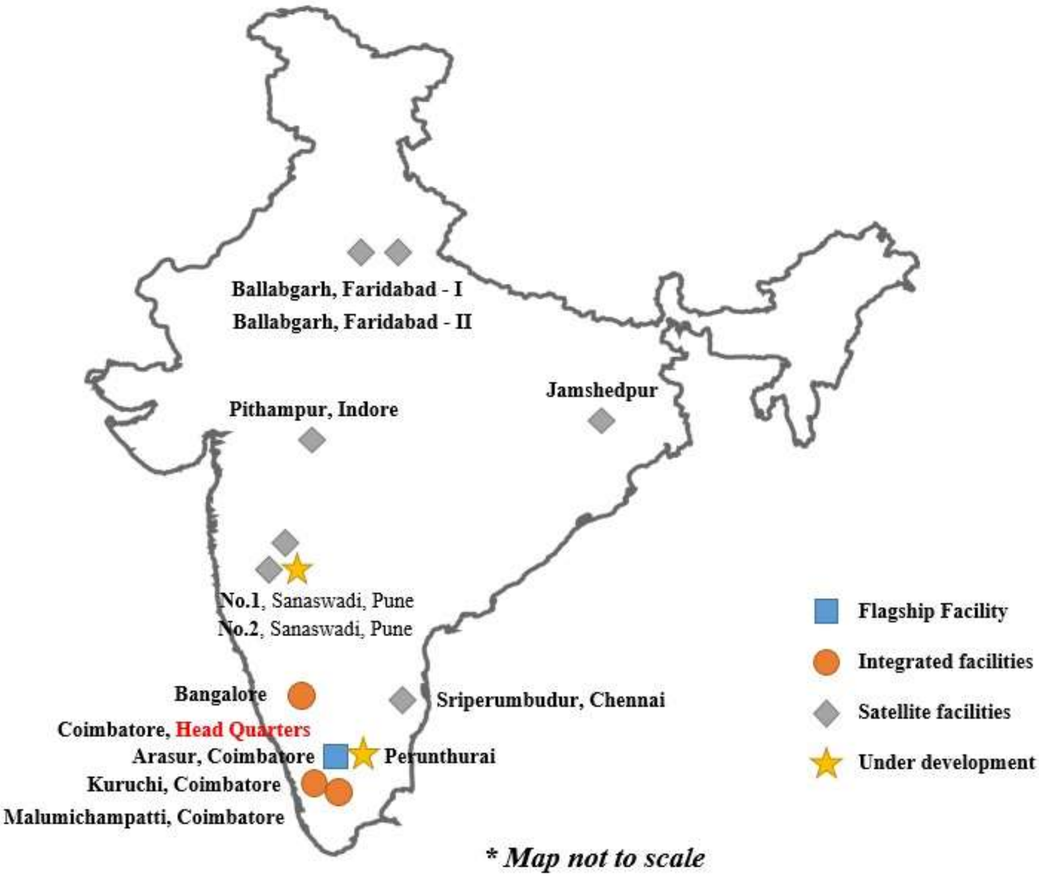
Within the Industrial and Engineering segment, we have utilized our in-house engineering and design capabilities and developed a diverse product portfolio including material handling equipment such as hoists, crane kits, industrial gears, gear boxes, locomotive components, other railway products, storage solutions, marine engines and accessories, tool room, mould base products and Special Purpose Machines ("**SPM**"), which includes metal cutting and non-metal applications such as washing and leak testing solutions.

We have long term relationships with several marquee domestic and global original equipment manufacturers ("**OEMs**") and component manufacturers across our three business segments. Our key customers include Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Royal Enfield, Mitsubishi Heavy Industries, Siemens India, Escorts, Ashok Leyland, Simpson & Company, VE Commercial Vehicles, TAFE Motors and Tractors, Perkins India, John Deere and JCB India. We are considered as a strategic and preferred supplier by many of our OEM customers and are also the single source supplier in certain product categories, for some of our key customers. Most of our business comprises of direct supply to our OEM customers, under long term agreements, which are renewed from time to time.

We own and operate 11 strategically located manufacturing facilities across seven cities in India, with a total built up area of over 1.5 million sq. ft. Our facilities are equipped with advanced machinery, including imported state-of-the-art computer numerical control ("**CNC**") machine tools and die casting machines and certain of our facilities are located close to our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for each of our customers, and to insulate them from local supply or other disruptions. Three of our facilities, forming our flagship integrated facility, are located in the outskirts of Coimbatore in the State of Tamil Nadu. We also have an integrated facility for aluminium pressure die casting, machining and SPM manufacturing at Bengaluru in the State of Karnataka. Our other manufacturing facilities are satellite facilities located across automotive and engineering hubs in India and close to our key customers, including two manufacturing facilities located at Pune in the State of Maharashtra, two manufacturing facilities located at Ballabgarh near Faridabad in the State of Haryana, and one manufacturing facility each located at Sriperumbudur, near Chennai in the State of Tamil Nadu, Jamshedpur in the State of Jharkhand, and Pithampur near Indore in the State of Madhya Pradesh.

We are currently developing two additional manufacturing facilities at Perundurai in the State of Tamil Nadu and Pune in the State of Maharashtra. At Perundurai we have been allotted land, where we have approval to set up a facility to manufacture automotive components, while at Pune we have entered into a letter of intent with an industrial estate company for development and leasing of factory space to set up a facility to manufacture storage solution products and have placed orders to import roll forming machinery from an Italian company for this facility.

Apart from allowing us to optimise delivery to our customers, the proximity of our facilities to our key customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. We believe that our proximity to our key customers has played a strong role in building and strengthening our relationship with our key customers over time.



Further, we have two wholly-owned overseas subsidiaries, namely, Craftsman Marine B.V. and Craftsman Automation Singapore Pte Limited. Craftsman Marine B.V. was set up in 2008 in Netherlands, through which we are engaged in marketing, sales and servicing of marine engines, engineering products and accessories for propulsion, manoeuvring and steering parts, storage, electronic instruments, deck equipment and spare parts for all the engines and other equipment used in yachts. These products are manufactured and assembled by us in India and sold under the name "Craftsman Marine" by our subsidiary. Craftsman Automation Singapore Pte Limited, also set up in 2008 in Singapore, which is our strategic sourcing centre for overseas procurement, primarily for procurement of aluminium ingots, which is one of our key raw material.

We also have a joint venture in India, Carl Stahl Craftsman Enterprises Private Limited, which is engaged in marketing, installation, commissioning and rendering after-sales services of material handling equipment, such as chain hoists, rope hoists and cranes kits, manufactured by us under the name "Carl Stahl Craftsman".

We have a qualified management team with substantial experience, including Chandramohan Natarajan, our Whole-time Director – Business Development Industrial and Engineering, who heads our business development initiatives in the Industrial and Engineering segment, Ravi Gauthamram, our Whole-time Director – Industrial and Engineering products, who is engaged in building our product strategy in the Industrial and Engineering segment, Sivakumar Gopalan, our Chief Financial Officer ("**CFO**") and Thiyagaraj Damodharaswamy, our Chief Operating Officer – Automotive ("**COO - Automotive**").

Our management team is supported by a large workforce of 1,331 qualified and skilled permanent workmen, 1,859 apprentices/trainees, and 1,541 contract workmen, as on March 31, 2018.

We have received funding from reputed global investors, International Finance Corporation ("**IFC**") in 2010 and 2012, and Standard Chartered Private Equity (Mauritius) II Limited ("**SCPE**") in 2012 (which transferred its stake to its Affiliate, Marina III Singapore Pte Limited ("**Marina**") in 2017). IFC and Marina presently hold 14.06% and 15.50% shareholding, respectively, in our Company.

We have been consistently recognized by customers for the high-quality of the products supplied by us. Our awards and accolades include the "Siemens – Appreciation for best overall performance" award in Fiscal 2018, "Ashok Leyland – Recognition for Outstanding Business Alignment for Defence Business" award in Fiscal 2018, "1st Prize for Mould Base category" by Godrej for Fiscal 2017, "Suppliers Business Capacity Building Award" by Mahindra & Mahindra in Fiscal 2017, "India Direct Supplier of the Year Award" by Cummins Inc. for Fiscal 2017 and "Supply Chain Transformation Award" by Cummins Inc. for Fiscal 2016. We were awarded the "Category Partner" status by Cummins Inc. in Fiscal 2017, recognized by GE Energy Connections for our outstanding support as strategic supplier partner in Fiscal 2017 and by Royal Enfield for our long standing association in Fiscal 2016. We have been recognized by Caterpillar for our excellent process control, desire for ongoing continuous improvement and supply of quality products. Our excellence in quality has also been recognised by GE Transportation, Mahindra & Mahindra, HV Transmissions Limited, a Tata enterprise, and JCB India for products supplied to them.

We are certified for international quality management systems ISO 9001:2008, ISO/TS 16949:2009, and SO 14001 2004 by TUV Nord, and have implemented environmental management system ISO 14001:2004.

The following table sets our revenue and percentage of growth in revenue compared to the previous Fiscals on a restated consolidated basis, for our three business segments, for the periods indicated:

Segments	**Nine months ended December 31, 2017**	**Fiscal 2017**		**Fiscal 2016**		**Fiscal 2015**		**CAGR over Fiscals 2015 to 2017**
	Total revenue (*in ₹ million*)	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**(in %)**
Automotive – Powertrain and Others	6,074.82	7,195.85	24.09	5,799.04	(0.14)	5,807.09	20.73	11.32
Automotive – Aluminium Products	1,705.88	1,307.74	68.4	776.56	194.32	263.85	202.75	122.63
Industrial and Engineering	3,029.40	3,597.69	9.91	3,273.28	25.07	2,617.23	28.27	17.24
Total	**10,810.10**	**12,101.28**	**22.87**	**9,848.88**	**13.36**	**8,688.17**	**26.08**	**18.02**

The following table sets the percentage contribution by our three business segments to our revenue, for the periods indicated:

(in %)

Segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Automotive – Powertrain and Others	56.2	59.46	58.88	66.84
Automotive – Aluminium Products	15.78	10.81	7.88	3.04
Industrial and Engineering	28.02	29.73	33.24	30.12
Total	**100**	**100**	**100**	**100**

The following table sets forth a breakdown of segment-wise profitability for our three business segments, and our earnings before interest and taxes ("**EBIT**") for the time periods indicated:

(in ₹ million)

Segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Automotive – Powertrain and Others	967.12	1,027.82	1,046.71	1,216.45
Automotive – Aluminium Products	49.09	174.70	98.74	34.82
Industrial and Engineering	217.46	449.01	369.72	27.86
Total	**1,233.67**	**1,651.53**	**1,515.17**	**1,279.13**
Less: Un-allocable expenditure	(351.96)	(514.11)	(281.35)	(313.87)
Add: Other Income	60.57	114.06	118.33	(7.91)
Earnings Before Interest & Taxes	**942.28**	**1,251.48**	**1,352.15**	**957.35**

Our overall earnings before interest, taxes, depreciation and amortization ("**EBITDA**") increased at a CAGR of 11.93% on a restated consolidated basis, from ₹ 1,908.44 million in Fiscal 2015 to ₹ 2,391.03 million in Fiscal 2017.

The following table sets our capital expenditure for our three business segments for the periods indicated:

(in ₹ million)

Segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Automotive – Powertrain and Others	274.10	1036.71	247.69	457.96
Automotive – Aluminium Products	245.99	1250.69	275.99	630.52
Industrial and Engineering	92.95	532.03	296.41	312.00
Total	613.04	2819.43	820.10	1400.48

Our loan facilities are rated by CRISIL as BBB +/Stable for long term loans and A2 for short term loans, while CARE has assigned BBB/Positive outlook for long term loans and A3+ for short term loans.

Strengths

Following are our primary strengths:

Diversified engineering company with vertically integrated manufacturing capabilities and a focus on providing comprehensive solutions and manufacturing high quality, intricate and critical products, components and parts.

We are a diversified engineering company with vertically integrated manufacturing capabilities, engaged in (a) Automotive – Powertrain and Others, (b) Automotive – Aluminium Products, and (c) Industrial and Engineering segments. We are the largest player involved in the machining of cylinder blocks and cylinder heads in the medium and heavy commercial vehicles category and are amongst the top three players in machining for tractor segment. *(Source: CRISIL Report)* We offer comprehensive solutions including design, process engineering and manufacturing including foundry, heat treatment, fabrication, machining and assembly.

For instance, within our Automotive - Powertrain and Others and Automotive – Aluminium Products segments, we have capabilities to collaborate with the OEMs in the design of new cylinder blocks and cylinder heads, design and manufacture of requisite tooling for machining and manufacture of new engine components like jigs, fixtures, special tools and SPM. Similarly in respect of aluminium components, we are equipped with high pressure, low pressure and gravity die casting machines to manufacture components, machining tools for machining and assembly lines. Our in-house tool room designs and manufactures dies for die casting activity and takes care of maintenance of these dies. Thus we are a one-stop-shop for our customers, manufacturing high quality, intricate and critical products and components, which may be an entry barrier for other manufacturers that do not currently have such similar in-house engineering capabilities and production facilities.

We are present across various levels of the component value chain, providing products and services that range from product design, prototyping, tool development, manufacturing, assembly and production of integrated components, reducing or minimizing our use of, or reliance on, externally sourced components.

Strong in-house process and product design capabilities.

Over the years, we have developed extensive process and product design capabilities and domain knowledge, particularly for niche, intricate, complex and highly critical automotive and non-automotive components, such as powertrain cylinder block and heads and camshafts, enabling us to respond to customer specifications and provide quality products and service in a timely and cost-effective manner.

We have utilized our in-house engineering and design capabilities to developed a diverse product portfolio including material handling equipment such as hoists, crane kits, industrial gears/ gear boxes, locomotive components/other railway products, storage solutions, marine engines and accessories, tool room, mould base products and SPM (which includes metal cutting and non-metal applications such as washing/ leak testing solutions), which are available to us for our captive use and application as well, and support our contract manufacturing operations, while also reducing the need for us to rely on third party component manufacturers or suppliers.

Long term and well established relationships with marquee domestic and global OEMs.

We have strong and well established relationships with several marquee domestic and global OEMs as well as component manufacturers, including certain of our key customers, to which we have been supplying our products and solutions for over 10 years, such as Tata Motors and Tata Cummins. Our key customers include Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Royal Enfield, Mitsubishi Heavy Industries, Siemens India, Escorts, Ashok Leyland, Simpson & Company, VE Commercial Vehicles, TAFE Motors and Tractors, Perkins India, John Deere and JCB India. We are considered as a strategic and preferred supplier by many of our OEM customers and are also the single source supplier in certain product categories, for some of our key customers.

Our domestic and global OEM customers have stringent selection procedures and product specifications for procurement from third party suppliers such as us, including in terms of supplier audit, testing, trial runs, periodic reviews and inspections of our procurement, manufacturing, logistical and other capabilities and performance. Our track record of having established and maintained long term relationships with multiple such customers illustrates our commitment to successfully serve and meet the requirements of our customers, through the supply of quality products and solutions. We have significantly benefitted from our strong relationships with our customers, which has consistently been one of our key growth drivers.

Among the indicators of customer satisfaction and our commitment towards process and product excellence are the awards and accolades we have received from certain of our customers. Our recent awards and accolades include the "Siemens – Appreciation for best overall performance award in Fiscal 2018, "Ashok Leyland – Recognition for Outstanding Business Alignment for Defence Business" award in Fiscal 2018, "1st Prize for Mould Base category" by Godrej for Fiscal 2017, "Suppliers Business Capacity Building Award" by Mahindra in Fiscal 2017, "Supply Chain Transformation Award" by Cummins Inc. for Fiscal 2016 and "India Direct Supplier of the Year Award" by Cummins Inc. for Fiscal 2017. We were also awarded "Category Partner" status by

Cummins Inc. in Fiscal 2017 and recognized by GE Energy Connections for our outstanding support as strategic supplier partner in Fiscal 2017 and by Royal Enfield for our long standing association for Fiscal 2016.

Our relationship with our customers provides us with the opportunity to work with them, on an ongoing basis, and to develop various products and solutions, to meet their designs and specifications, as well as to cross sell multiple products to them. In the past, we have been able to leverage relationships with our customers to expand our portfolio of product offerings and thereby increase our wallet share with the customers. Our long-standing relationship with our key customers provides us with a significant advantage to effectively compete with our competitors.

Extensive manufacturing footprint, with strategically located manufacturing facilities having the ability to interchange capacity and product mix.

We own and operate 11 strategically located manufacturing facilities across seven cities in India, with a total built up area of over 1.5 million sq. ft. Our facilities are equipped with advanced machinery, including imported state-of-the-art CNC machine tools and die casting machines and certain of our facilities are located close to our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for each of our customers, and to insulate them from local supply or other disruptions.

Three of our facilities, forming our flagship integrated facility, are located at the outskirts of Coimbatore in the State of Tamil Nadu. We also have an integrated facility for aluminium pressure die casting, machining and SPM manufacturing at Bengaluru in the State of Karnataka. Our other manufacturing facilities are satellite facilities located across automotive and engineering hubs in India and close to our key customers, including two manufacturing facilities located at Pune in the State of Maharashtra, two manufacturing facilities located at Ballabgarh near Faridabad in the State of Haryana, and one manufacturing facility each located at Sriperumbudur, near Chennai in the State of Tamil Nadu, Jamshedpur in the State of Jharkhand, and Pithampur near Indore in the State of Madhya Pradesh.

Our plant configurations are flexible, allowing us to move our machinery from one location to another to interchange capacity, product mix, including our ability to shift production lines between our various segments, based on customer and operational requirements from time to time, enabling us to offer a diverse range of products and services to our customers across a wide spectrum of industries, in the Automotive - Powertrain and Others, Automotive – Aluminium Products and Industrial and Engineering segments, including the construction, power, logistics, agriculture and forestry, food, consumer goods, transport and other industries, thereby optimizing our machine productivity, operational efficiency, time management and de-risking our business model. This also enables us to meet the evolving requirements and delivery schedules of our customers in an efficient manner, thereby leading to better customer satisfaction.

We have also developed a strategic overseas sourcing hub in Singapore (currently, through our Subsidiary, Craftsman Automation Singapore) established in 2008, primarily for the procurement of aluminium, which is one of our key raw materials. We have entered into a letter of intent with an industrial estate company for the development and leasing of factory space in Pune and have placed orders to import roll forming machinery from an Italian company. This roll forming facility, once operational, will primarily cater to the western and central markets in India, enabling us to further enhance our capabilities to service the storage solutions market. Further, at Perundurai in the State of Tamil Nadu we have been allotted land, where we have approval to set up a facility to manufacture automotive components, which will further enhance our machining and manufacturing capacities to meet the growing demand for our Automotive - Powertrain and Others and Automotive – Aluminium products from our customers.

Experienced management team supported by motivated and skilled work force.

We benefit significantly from our strong management and technical teams, which include individuals with specialized training and/or substantial experience. In particular, our Promoter, Chairman and Managing Director, Srinivasan Ravi, is a mechanical engineer and a first-generation entrepreneur with over 32 years of relevant industry experience, and strong relationships with several key industry players. He has received various awards, including "Outstanding Citizen of Coimbatore Award" by Rotary Club of Coimbatore in 2018, "Entrepreneur of the Year 2015 Award" by Entrepreneurs' Organization, Coimbatore, "Outstanding Entrepreneur Achiever Award 2012" by Bharathiar School of Management and Entrepreneur Development, Bharathiar University, Coimbatore and "Best Entrepreneur Award" by Coimbatore Management Association in 2010.

In addition, we have an experienced Board of Directors, comprising Whole-time Directors and Independent Directors, each with several years of relevant experience. Our senior management has extensive experience including in operations, business development, quality assurance, customer relationships, finance and human resource management. Our KMPs include Chandramohan Natarajan, our Whole-time Director – Business Development Industrial and Engineering, who heads our business development initiatives in the Industrial and Engineering segment, Ravi Gauthamram, our Whole-time Director – Industrial and Engineering products, who is engaged in building our product strategy in the Industrial and Engineering segment, Sivakumar Gopalan, our CFO and Thiyagaraj Damodharaswamy, our COO - Automotive.

Our Promoter's vision, strategic guidance, industry relationships and entrepreneurial ability and our senior management's execution skills are supported by a large, motivated and skilled workforce. Our employees and apprentices benefit from regular in-house training initiatives and we also engage external consultants from time to time, to assist us in specific initiatives and functions. Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills. As on March 31, 2018, we had a large workforce of 1,331 qualified and skilled permanent workmen, 1,859 apprentices/ trainees, and 1,541 contract workmen.

Robust financial performance.

Our robust financial performance positions us for future growth and diversification. For our segment wise revenue, percentage of growth in revenue compared to the previous Fiscals, percentage contribution to our revenue by our segments and EBIT for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, see " – ***Overview***" on page 173.

We have already incurred significant capital expenditure in the past few years, including setting up an entire range of facilities such as no-bake sand foundry, high pressure, low pressure and gravity die casting capabilities for production of various types of aluminium castings for different applications for our customers. For our capital expenditure in our three business segments for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, see " – ***Overview***" on page 173.

Our loan facilities are rated by CRISIL and CARE. CRISIL, in March 2018 has upgraded our long term loan rating to BBB+/ stable from BBB/Stable and our short term loan rating to A2 from A3+, while CARE, in April, 2018, has assigned BBB/ Positive outlook for our long term loans and A3+ for short term loans. Strong ratings enable us to optimize our cost of funding and efficiently plan our ongoing operations, capital expenditure plans and future growth. Going forward, as we propose to utilize the Net Proceeds towards repayment/prepayment of certain of our existing borrowings, the resultant improvement in our debt-equity ratio should further enable us to optimize the cost of our borrowings and strengthen our balance sheet. This coupled with lower interest out go due to reduction in borrowings will also position us favourably for executing our future growth strategies.

Strategies

Leverage vertically integrated manufacturing and engineering capabilities, to tap the growing opportunities for aluminium usage in the Automotive – Aluminium Products and Industrial and Engineering segments.

Our vertically integrated manufacturing and engineering capabilities enable us to capitalize on the growing opportunities and emerging trends in our industry, particularly in our Automotive – Aluminium Products segment, where our focus is on multi utility vehicles, commercial vehicles and two wheelers, and in our Industrial and Engineering segment, where our focus is on locomotive components and assembly and power transmission application castings.

Under the Government of India directives, the passenger, commercial vehicles and the two wheeler segments of the automotive industry in India are to migrate to Bharat Stage -VI (BS-VI) emission norms by 2020. Similarly the farm equipment and construction equipment manufacturers are to upgrade their products to BS IV emission norms by 2020. In order to comply with these norms, the original equipment manufacturers are, amongst other things, exploring various possibilities of light-weighting their vehicles and thus reducing load on the engine, thereby lowering emission. As we have an entire range of aluminium casting and product capabilities, we are poised to offer various aluminium cast components in lieu of iron components. We have already successfully developed aluminium cast components for an OEM. We have also developed an integral aluminium welding technology, which would enable us to offer comprehensive solutions to manufacture structural parts for our Automotive - Powertrain and Others and Automotive – Aluminium Products segments.

In addition, we have installed certain advanced equipment at our facilities, including state-of-the-art imported equipment and SPMs designed by us. Our plant configurations are flexible, allowing us to move our machinery from one location to another to interchange capacity, product mix, including our ability to shift production lines between our various segments, based on customer and operational requirements from time to time, thereby enabling us to maximize our utilization of machinery productivity, remain abreast with emerging market trends and scale our business appropriately.

Increase our wallet share and acquire new business by leveraging existing OEM relationships and adding new customers.

We intend to strengthen our relationships with our existing customers and explore opportunities to grow along the value chain by expanding the array of our existing products and solutions that we supply to our customers across geographies, and to win new customer contracts by developing products and solutions aligned with their needs.

We have been able to discern emerging trends and proactively identify new segments of business over the past few years, enabling us to capitalize on an early mover advantage in certain segments, and also to harness synergies through knowledge sharing between our cross-functional teams and horizontal and vertical integration across our operations. Our engineering expertise and domain knowledge have enabled us to foray into certain niche areas with high margin, high growth potential, including high-quality, intricate, complex and critical components required by our customers. As part of this customer-centric strategy, we continue to engage with our customers from their early product design stage to the development and supply of finished products, particularly for intricate, complex, niche and high-value products by offering comprehensive solutions. Despite competition, we have been able to increase our customers' contribution to our revenue. For example, our revenue from a key two-wheeler customer was ₹ 244.49 million in Fiscal 2015, which increased to ₹ 945.80 million in Fiscal 2017.

Within the Automotive - Powertrain and Others and Automotive – Aluminium Products segments, our continued focus would be on the growing light and medium commercial vehicle and two wheeler sub-segments. We intend to leverage our relationships with certain of our key customers, with some of whom we have enjoyed long-term relationships for over 10 years, to grow our Automotive – Aluminium Products segment. In particular, we seek to continue to explore opportunities that may arise from the Make in India initiative, fiscal and tax reform and other regulatory and policy support initiatives in India, which the Central and State Governments may announce and implement from time to time.

Explore opportunities to grow our business through import substitution, particularly in the Industrial and Engineering segment, with focus on locomotive components and assembly, and aluminium products for power transmission.

We intend to continue growing our Industrial and Engineering segment, with a focus on intricate, complex and niche products and critical application systems, such as locomotive components and assembly and aluminium products for power transmission.

As part of our strategy of growing business in import substitution and leveraging on our domain expertise in Diesel engines, we have developed a range of locomotive components and assembly for meeting the indigenization requirements of the Railways. Since 2014, we have an exclusive arrangement with a third party vendor, through which we are authorized to be the exclusive indigenous supplier of locomotive components and assembly parts such as cylinder liners, connecting blades and forks and accessories, cooling fans, brake fans, fuel filter and pump and motor and gear assembly for HHP engines for sale to Indian Railways. In addition to our domestic supply, we may explore opportunities to export certain of these locomotive components in the future. Further, utilizing our sheet metal fabrication and machining capabilities we have also developed metro bogie base frames, which we supply to a prominent metro coach manufacturer in India. We are also focussed in the manufacturing of certain critical power transmission components, including, among others, castings for gas insulated switchgears ("**GIS**").

We continue to explore and develop other products and assemblies that we may offer in these segments. Where suitable opportunities may arise, we may seek to bundle products and solutions and scale up our production and supply, to increase opportunities for us to grow along the value chain and increase and diversify our revenue streams, with a focus on high-value import substitution.

Pursue emerging opportunities, including storage solutions and material handling.

As a part of our growth strategy, we seek to pursue emerging opportunities, including storage solutions and material handling, which are growing market opportunities. We will leverage our strong product development, designing, engineering and manufacturing capabilities along with our strong relationships with our existing customers in these segments.

We commenced the storage solutions business in 2012 and have rolled out storage solutions for our customers in Pune, Coimbatore, Hyderabad, Chennai and Tuticorin, and are continuing to work on other projects. We have acquired substantial domain knowledge and significant clientele in our existing Industrial and Engineering segment, which we intend to leverage for pursuing opportunities in the storage solutions sector. Some of the areas and applications to which our storage solutions business would cater include logistics, electronics, warehousing, manufacturing, retail and healthcare, with solutions ranging from selective pallet, pushback pallet, pallet gravity flow, or drive-through or cantilevered racking, mobile, sliding, multi-tiered, long-span, or boltless slotted shelving, mezzanine floors, compactors or collapsible storage, goods lifts, cold storage racks and modular solutions. Using our design and engineering capabilities, we have developed a vertical storage system with tray extractor arrangements operated by a console, marketed under the brand name V-Store ("**V-Store**"). With increasing space constraints in urban areas, V-Store, which improves the storage ratio and has substantial applications across various industries, holds potential in the near future. In order to backward integrate and further enhance capabilities in this space, we have entered into a letter of intent with an industrial estate company in Pune and have placed orders to import roll forming machinery from an Italian company. This roll forming facility, once operational, will primarily cater to the western and central markets in India.

In relation to our material handling segment, we are focussed in the manufacturing of hoists, which is one of the most critical components for material handling equipment. We also have a joint venture in India, namely, Carl Stahl Craftsman Enterprises Private Limited, which is engaged in marketing, installation, commissioning and rendering after-sales services of material handling equipment, such as chain hoists, rope hoists and cranes kits, manufactured by us under the name "Carl Stahl Craftsman".

In particular, in addition to diversifying our revenue streams through expansion into the storage solutions and material handling segments, we intend to deepen our customer relationships and grow our share of the customer wallet, by cross-selling our storage solutions and material handling equipment to our existing and new OEM customers in our Automotive - Powertrain and Others, Automotive – Aluminium Products and Industrial and Engineering segments. Going forward, we intend to continue to explore other suitable opportunities in these segments to serve our customers with innovative and proactive products and design solutions, swift response and delivery, to partner and support them in their planned growth and expansion.

Explore strategic alliances, partnerships, growth of our joint ventures, inorganic growth through strategic acquisitions and other initiatives.

We have a track record of growing through joint ventures and strategic alliances, including by gaining access to new knowhow, technologies, and access to new customers, business segments and geographies. We have a joint venture company, Carl Stahl Craftsman Enterprises Private Limited, through which we are engaged in in marketing, installation, commissioning and rendering after-sales services of material handling equipment, such as chain hoists, rope hoists and cranes kits, manufactured by us under the name "Carl Stahl Craftsman". Going forward, Carl Stahl Craftsman Enterprises Private Limited is also planning to market our products in Europe.

In the past, some of our expansion into manufacturing niche products or components on a contract manufacturing basis for specialized areas and applications such as packaging box making machinery and printing machinery has been conducted through and supported by our joint venture relationships, while the growth of our sales has been supported through channel partners and distributors. Since 2014, we also have an exclusive arrangement with a third party vendor, through which we are authorized to be the exclusive indigenous supplier of locomotive components and assembly parts such as cylinder liners, connecting blades and forks and accessories, cooling fans, brake fans, fuel filter and pump and motor and gear assembly for HHP engines for sale to Indian Railways.

Further, we intend to explore opportunities, including selectively evaluating complementary targets for strategic acquisitions in the powertrain business, in order to further strengthen our position. We will continue to evaluate complementary businesses in India or overseas, and exploring synergies that may arise from strategic alliances, partnerships or initiatives.

Our Business Segments

We have three business segments, namely, our Automotive - Powertrain and Others segment, our Automotive – Aluminium Products segment and our Industrial and Engineering segment. Our Industrial and Engineering Segment, is further divided into eight sub-segments, namely, aluminium products for power transmission, high-end precision products and sub-assembly, locomotive components and assembly, material handling, storage solutions, gear and gear boxes, SPM, and tool room, mould base and sheet metal.

For our segment wise revenue, percentage of growth in revenue compared to the previous Fiscals, percentage contribution to our revenue by our segments and EBIT for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, see " – ***Overview***" on page 173.

Automotive – Powertrain and Others

Our products in our Automotive – Powertrain and Others segment are highly engineered and require advanced manufacturing processes to maximize end user performance, with end users including OEMs producing commercial vehicles, special utility vehicle, tractors and off-highway vehicles. Our key products in our Automotive – Powertrain and Others segment include engine parts such as cylinder block and cylinder head, camshafts, transmission parts, gear box housings, turbo charges and bearing caps.

Growth drivers in the Automotive – Powertrain and Others segment include the implementation of Bharat Stage VI ("**BS VI**") emission norms by the Government of India as expected in April 2020, expected future increase in outsourcing in these products in commercial vehicles, owing to rising technological spends by auto component players, and increase in the overall demand and size of the market. Commercial vehicles, utility vehicles and tractors account for about 34%, 41% and 20% of the overall demand for powertrain products. The domestic sales for commercial vehicles segment, utility vehicles segment and tractor segment are expected to grow at 6% to 8% CAGR, 10% to 12% CAGR and 8% to 10% CAGR, respectively, during Fiscal 2018 to Fiscal 2022, while the powertrain sector is expected to grow at 7% to 9% CAGR during the same period. *(Source: CRISIL Report)*

The capabilities we use in our Automotive – Powertrain and Others segment include design and development, precision machining and assembly (including CNC machining, laser heat treatment, assembly, testing, etc.), finishing and others.

Within our Automotive – Powertrain and Others segment, we undertake machining services and product sales, and cater directly to domestic and export markets, and our key customers include Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Simpson & Co. Limited, TAFE Motors and Tractors, VE Commercial Vehicles, Escorts, Ashok Leyland, Perkins, Nelcast, Mitsubishi Heavy Industries, John Deere and JCB India.

Our revenue from this segment was ₹ 5,807.09 million in Fiscal 2015, which increased to ₹ 7,195.85 million in Fiscal 2017.

Automotive – Aluminium Products

Our key products in our Automotive – Aluminium Products segment include engine parts such as crank case, crank case covers, wheel hubs and drums, headlamp housing, engine cradle, clutch covers, oil sump, cylinder head covers and steering column and chassis parts.

Growth drivers in the Automotive – Aluminium Products segment include the expected shift by OEMs from ferrous castings to secondary grade aluminium castings, which would result in light-weighting of vehicles, in line with global market trends towards production of light weight vehicles and in adherence with the Corporate Average Fuel Economy ("**CAFE**") norms and, secondly, increased use of scooters in the two-wheelers segment. The aluminium casting industry was valued at ₹ 144 billion as of Fiscal 2018, of which two-wheelers accounted for 70% of the market, followed by passenger vehicle, with 25% share and commercial vehicle with 4% share in value terms. *(Source: CRISIL Report)*

The capabilities we use in our Automotive – Aluminium Products segment include design and development, foundry and casting, precision machining and assembly (including CNC machining, testing, etc.), finishing and others.

Within our Automotive – Aluminium Products segment, we undertake product sales and machining services, and cater directly to domestic and export markets, and our key customers include Daimler India, Royal Enfield, Mahindra & Mahindra and another leading south based two wheeler manufacturer.

Our revenue from this segment was ₹ 263.85 million in Fiscal 2015, which increased to ₹ 1,307.74 million in Fiscal 2017.

Industrial & Engineering Segment

Our revenue across our eight sub-segments under our Industrial and Engineering segment, for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015 is as follows:

(in ₹ million)

Sub-segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Aluminium products for power transmission	477.54	495.94	340.53	190.28
High-end precision products and sub-assembly	613.70	886.85	731.58	506.62
Locomotive components and assembly	365.12	253.55	95.91	37.88
Material handling	119.07	111.16	91.92	45.26
Storage solutions	39.87	73.76	16.39	22.53
Gear and gear boxes	375.90	562.14	547.59	494.09
SPMs	108.19	115.17	26.78	20.08
Tool room, mould base and sheet metal	930.01	1,099.12	1,422.58	1,300.49
Total	**3,029.40**	**3,597.69**	**3,273.28**	**2,617.23**

Our revenue from this segment was ₹ 2617.23 million in Fiscal 2015, which increased to ₹ 3,597.69 million in Fiscal 2017.

Aluminium products for power transmission

Our key products in our Aluminium products for power transmission sub-segment include machined casting for GIS.

Growth drivers in the Aluminium products for power transmission sub-segment include the use of GIS instead of air insulated switchgears ("**AIS**"), particularly in urban areas, as GIS is compact, occupies lesser space and has lower maintenance as compared to AIS. Demand for industrial castings in power transmission is expected to be around ₹ 73.5 billion during Fiscal 2018 to Fiscal 2022, while demand for castings for GIS is expected to grow at 16% CAGR and be around ₹ 4.00 billion to ₹ 5.00 billion during the same period. Investments of around ₹ 3 trillion are expected in the power transmission sector in the next five Fiscals. Further, investments in this sector are expected to be driven by the need for robust and reliable transmission system to support continued generation addition, rural electrification and a strong push for renewable energy sector. *(Source: CRISIL Report)*

The capabilities we use in our Aluminium products for power transmission sub-segment include design and development of castings, manufacturing of castings in our foundry facilities, precision machining and assembly and testing and others.

Our products in this segment cater to power equipment manufacturers who in-turn supply to power transmission and distribution utilities. In this sub-segment, we undertake direct domestic sales, and our key customers include Siemens and others.

High-end precision products and sub-assembly

In our High-end precision products and sub-assembly sub-segment the end uses include packaging machinery, printing machinery and textile machinery. Key products in our High-end precision products and sub-assembly sub-segment include pre-feeders and box slitters which are parts of carton box making machines and precision components.

High end precision products and sub-assembly manufactures tailor-made machines, sub-assembly and precision components, designed for specific application to support high quality mass production. This involves high level of design engineering and a complex production system which involves design and development, foundry and casting, sheet metal fabrication, precision machining and assembly, finishing, testing and others.

In this sub-segment we undertake direct exports to various customers, including Mitsubishi Heavy Industries, Rhein Getriebe and other global customers.

Locomotive components and assembly

Our key products and services in our Locomotive components and assembly sub-segment include engine components like cylinder liner, piston, piston pin, connecting rod, fuel filter assembly and power assembly components.

Growth drivers in the Locomotive Components and Assembly segment include replacement of Alco engines with Electro Motive Diesel Company ("**EMD**") engines. Indian Railways operates approximately 11,500 broad gauge ("**BG**") locomotives on its network, of which approximately 51% are diesel operated, while the remaining are electric engines. Diesel Locomotive Works ("**DLW**") at Varanasi, manufactures diesel engines under technology transfer license from EMD, USA. Under the Make in India programme, DLW is progressively looking at indigenizing the components that are used for manufacturing locomotives. (*Source: CRISIL Report*)

We are the only indigenous supplier of cylinder liner ASM, cylinder liner stud ASM and fuel filter ASM to the Indian Railways, through DLW *(Source: CRISIL Report)*.

The capabilities we use in our Locomotive components and assembly sub-segment include design and development of castings and forgings, precision machining and assembly (including CNC machining, laser heat treatment, assembly, testing, etc.), finishing and others.

Our products in this sub-segment cater to diesel locomotive manufactures and users such as Faivaley Transport Rail Technologies, to which we supply directly. Our sales in this sub-segment, is primarily through our long term agreement with Transloco, through which we are authorized to be the exclusive indigenous supplier of locomotive components and assembly parts such as cylinder liners, connecting blades and forks and accessories, cooling fans, brake fans, fuel filter and pump and motor and gear assembly for HHP engines for sale to Indian Railways.

This arrangement with Transloco was entered into with effect from July 1, 2014 and is currently valid up to June 30, 2021. The exclusivity and non-compete arrangements entered into between our Company and Transloco in this regard apply to the specified list of railway products we supply through Transloco to the Indian Railways, only for India. Our Company is responsible for the development, manufacture, testing, supply, site support and requisite after-sales service, if any, as well as for ensuring that the tender specifications, norms and parameters in terms of quality conditions, input sourcing conditions and delivery schedules specified by the Indian Railways are complied with at our own cost, while Transloco is responsible for providing us with product information support and for monitoring and participating in the Indian Railways tenders as well as following up and ensuring payment to us, from time to time. The purchase orders for specific products are issued to Transloco, with our Company named as the manufacturer for these products. The product pricing is decided based on mutual discussion and agreement between our Company and Transloco.

Material handling

Our key products in our Material handling sub-segment include chain hoists, wire rope hoists, grab hoists, crane kits, light crane systems and pallet trucks. Our products in this sub-segment are used by process industries, automotive sector and foundries.

Hoists are one of the most critical components of material handling equipment and is estimated to comprise approximately ₹ 2.5 to ₹ 3 billion of the ₹ 23 ₹ 26 billion industrial cranes market as of Fiscal 2018. An estimated growth in the material handling industry is correlative of urban infrastructure development such as smart city projects and metro projects and a spurt in industrial activities which opens inroads for indigenous manufactures such as us. (*Source: CRISIL Report*)

The capabilities we use in our Material handling sub-segment include design and development, foundry and casting, manufacture of gears, sheet metal fabrication and assembly, testing and others.

We have entered into a joint venture with Carl Stahl Hebetechnik GmbH (previously known as Carl Stahl International GmbH) forming Carl Stahl Craftsman Enterprises Private Limited for engaging in marketing, installation, commissioning and rendering after-sales services for our products in this sub-segment, manufactured by us. These products are sold through Carl Stahl Craftsman Enterprises Private Limited under the brand "Carl Stahl Craftsman", Also see, "***History and Certain Corporate Matters - Joint Venture***" on page 203.

Storage solutions

Our key products in our Storage solutions sub-segment include stationary racking for warehouses, V-store, roll form products and Automated Storage and Retrieval Systems ("**ASRS**"). Our products in this sub-segment cater to warehousing and industrial sectors.

Growth drivers in the Storage solutions segment include setting up of large regional warehouses by leading consumer durables and electronic companies due to GST implementation, focus by the GoI on cold chain solutions and warehousing increase by e-commerce players. The storage solutions segment in India has grown at a 13% to 15% CAGR over the last three Fiscals and is estimated to be ₹ 18 billion as of Fiscal 2018. Due to strong demand for storage solutions on account of incremental ambient warehouse addition and a rise in share of organized warehousing players, this segment is estimated to grow at 18% to 20% CAGR over the next three Fiscals to ₹ 30 billion. (*Source: CRISIL Report*)

We have supplied our storage solutions for certain customers in Pune, Coimbatore, Hyderabad, Chennai and Tuticorin like Tata Motors, Mahindra and Mahindra, Royal Enfield and Pricol. Some of the areas and applications to which our storage solutions business would cater may include logistics, electronics, warehousing, manufacturing, retail and healthcare, with solutions ranging from selective pallet, pushback pallet, pallet gravity flow, or drive-through or cantilevered racking, mobile, sliding, multi-tiered, long-span, or boltless slotted shelving, mezzanine floors, compactors or collapsible storage, goods lifts, cold storage racks and modular solutions.

Using our design and engineering capabilities, we have developed a vertical storage system with tray extractor arrangements operated by a console, marketed under the brand name V-Store ("**V-Store**"). With increasing space constraints in urban areas, V-Store, which improves storage ratio and has substantial applications across various industries, holds potential in the near future. In order to backward integrate and further enhance capabilities in this space, we have entered into a letter of intent with an industrial estate company for development and leasing of factory space to set up a facility to manufacture storage solution products and have placed orders to import roll forming machinery from an Italian company for this facility. This roll forming facility, once operational, will primarily cater to the western and central markets in India.

Gear and gear boxes

Our key products in our Gear and gear boxes sub-segment, include transmission and housing components. Our products in this segment cater to elevators, metro transportation, compressor manufacturers, printing machines, automobiles and steel rolling mills.

Growth drivers in the Gear and gear boxes sub-segment include growth in railways and urban mobility sector, mining activities and steel products. In the last five Fiscals, the industrial gears and gearboxes segment has grown at 4% to 5% CAGR from approximately ₹ 46 billion to ₹ 51 billion, and is estimated to grow at around 10% to 12% CAGR over Fiscal 2017 to Fiscal 2022, from approximately ₹ 70 billion to ₹ 77 billion. *(Source: CRISIL Report)*

The capabilities we use in our Gear and gear boxes sub-segment include design and development of Gear and gear boxes, heat treatment, hobbing, precision machining and assembly, testing and others.

In this sub-segment, we undertake domestic sales as well as exports to various customers. Our key customers include Ashok Leyland, Elgi Equipments, Voith Turbo, Pricol, Siemens and others.

SPM

Our key products in our SPM sub-segment, include metal cutting machines, drilling machines, milling machines and other SPMs like leak testing machines, nut runners, industrial washing machines and supply conveyors. Our machines in this sub-segment are primarily used by automobile companies.

Growth drivers in the SPM sub-segment include the implementation of BS VI emission norms by the GoI as expected in April 2020, lack of competition, and expensive imports. *(Source: CRISIL Report)*

The capabilities we use in our SPM sub-segment, include design and development of machines, vendor development of casting, bought-out components and electronic sub-assemblies, sheet metal fabrication, heavy duty and precision machining and assembly, testing and on-site installation.

In this sub-segment, we undertake direct domestic sales, and our key customers include Daimler India, Mahindra & Mahindra, Tata Motors, TAFE Motors and Tractors, Simpson & Co, VE Commercial Vehicles, JCB and others.

Tool room, mould base and sheet metal

Our key products and services in our Tool room, mould base and sheet metal sub-segment include machining for railway bogeys, air conditioned coach panels, mould base, plastic moulding tools, dies, sheet metal casing and housings. Our products in this sub-segment cater to diversified industries including engineering, urban transportation and automotive sector.

Growth drivers in our Tool room, mould base and sheet metal sub-segment include the improvement in urban transportation infrastructure, including the metro rail network. As of Fiscal 2017, nine metro projects were operational in eight cities in India, with 1,912 operational metro coaches and 1,420 coaches under procurement. Further, investment in metro coaches is estimated to grow from approximately ₹ 240 billion to ₹ 290 billion over the next five Fiscals. The Ministry of Housing and Urban Affairs (the "**MoHUA**") estimates a requirement of 1,600 more metro coaches in the next three years, in addition to the 1,420 coaches already under procurement. Also, a mandatory indigenous procurement of a minimum of 75% of the tendered quantity for metro rail coaches has presented an opportunity for private players like us to develop capabilities to support the plans of the GoI. (*Source: CRISIL Report*)

The capabilities we use in our Tool room, mould base and sheet metal sub-segment include design and development, heavy duty precision machining and assembly (including CNC machining, laser heat treatment, assembly, testing, etc.), sheet metal fabrication, welding, painting, finishing and others.

In this sub-segment, we undertake direct domestic sales well as export sales. Our key customers include Royal Enfield, Elgi Equipments, Shapers India and others.

Manufacturing Facilities

We own and operate 11 strategically located manufacturing facilities across seven cities in India, with a total built up area of over 1.5 million sq. ft. Our facilities are equipped with advanced machinery, including imported state-of-the-art CNC machine tools and die casting machines and certain of our facilities are located close to our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for each of our customers, and to insulate them from local supply or other disruptions.

See "– ***Overview***" on page 175 for a map of India, representing the locations of our manufacturing facilities. The following table sets out certain details of our manufacturing facilities:

S. No.	Facility location	Capabilities/ Divisions	Leased/owned	Year of Commissioning
A.	**Flagship Facility**			
1.	Arasur, Coimbatore	1. Power train products; 2. Gears and gearboxes; 3. Tool room and mould base; 4. Special purpose machines; 5. Heavy parts; 6. Material handling; 7. Sand Foundry; 8. High pressure die casting; 9. Low pressure die casting; 10. Gravity die casting; 11. High end sub-assemblies; 12. Precision parts; 13. Storage products; 14. Railway products; 15. Jigs and fixtures; and	Owned	2003

S. No.	Facility location	Capabilities/ Divisions	Leased/owned	Year of Commissioning
		16. Equipment (Sheet metal fabrication and storage)		
B.	**Integrated Facilities**			
1.	Kurichi, Coimbatore	Aluminium foundry	Owned	2001
2.	Malumichampatti, Coimbatore	Aluminium Foundry	Leased	2011
3.	Bengaluru	1. Special purpose machinery; 2. High pressure die casting and 3. Machine shop;	Leased	2015
C.	**Satellite Facilities**			
1.	Hissa No.1, Sanaswadi, Pune	Machining and assembly	Leased	2014
2.	Hissa No.2, Sanaswadi, Pune	Machining and assembly	Leased	2011
3.	Ballabgarh, Faridabad - I	Machining and assembly	Leased	2011
4.	Ballabgarh, Faridabad - II	Machining and assembly	Leased	2018
5.	Sriperumbudur	Machining and assembly	Leased	2010
6.	Jamshedpur	Machining and assembly	Leased	2007
7.	Pithampur	Machining and assembly	Leased	2005

We are currently developing two additional manufacturing facilities at Perundurai in the State of Tamil Nadu and Pune in the State of Maharashtra. At Perundurai we have been allotted land, where we have approval to set up a facility to manufacture automotive components, while at Pune we have entered into a letter of intent with an industrial estate company for development and leasing of factory space to set up a facility to manufacture storage solution products and have placed orders for roll forming machinery for this facility.

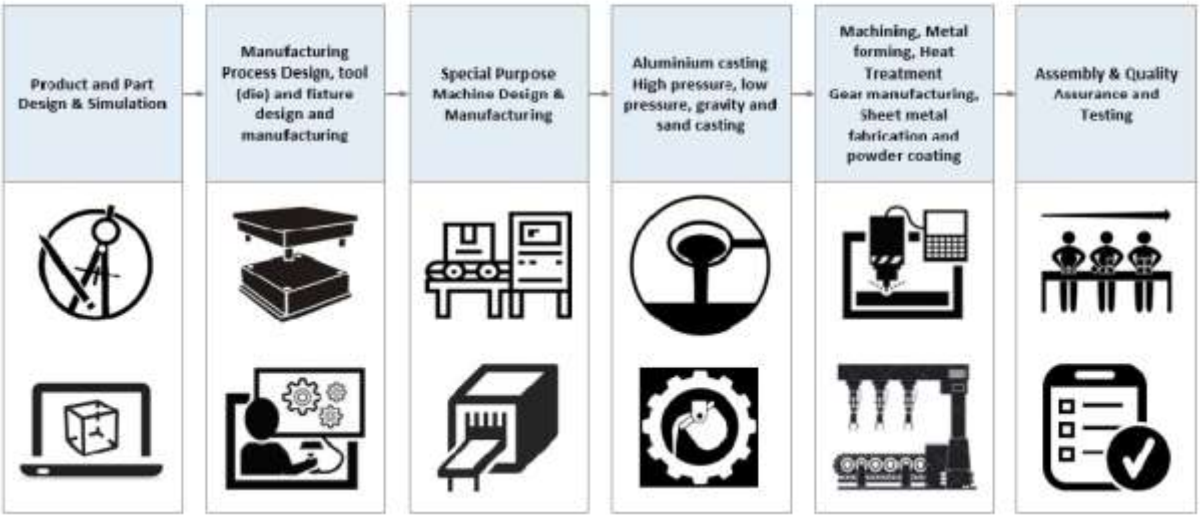
Quality Assurance

We are certified for international quality management systems such as ISO 9001:2008, ISO/TS 16949:2009, SO 14001 2004 by TUV Nord, and have implemented environmental management system ISO 14001:2004.

Manufacturing Processes and capabilities

Our plant configuration is flexible and our machinery are equipped for both individual and diversified processes, and their fungibility enables us to deploy them in the most optimum manner to suit the customer’s preferences and evolving requirements. Additionally, most of our machinery with change in attachments such as jigs, fixtures and tools are capable of being used interchangeably for either of our segments, depending on the demand for products under each segment. This enables us to optimize our machine tool productivity, operational efficiency, time management and de-risking our business model. We have dedicated production lines from time to time, based on the size and frequency of the orders of our customers. In case of items of mass production, we have installed SPMs to increase productivity. We have a state-of-the-art quality control laboratory, which monitors the raw material, process and the end product quality. The quality control facility includes equipment like helium leak test machines for checking the quality of aluminium castings. We also have facilities to regrind our tools, which aids in reducing the tooling costs.

Our manufacturing process is as set out below:



Raw Materials and Procurement

We do not typically enter into long-term contracts with our suppliers. We primarily purchase aluminium ingots, as well as steel, castings and other raw materials at spot rates from our suppliers. For the product sales component of our business, we procure the raw materials at our own cost, such as for most of our sub-segments under our Industrial and Engineering segment. For the services sales component of our business, our customers supply the raw material requirements for the product and we are only engaged in providing machining services.

Power

While we rely on the state electricity grids for meeting our power requirements, we also have group captive power arrangements in the State of Tamil Nadu at negotiated rates, and diesel generation sets for standby supply. We have backup facilities to ensure transition between grid supply and diesel generation sets, to avoid production disruption due to power outages.

Sales and Marketing

Sales and marketing for our Automotive – Powertrain and Others, Automotive – Aluminium Products segments are business to business oriented and dependent on our long term relationships with OEMs and is primarily handled by our senior management, who have extensive experience in understanding customer relationships.

For our Industrial and Engineering segment, which is business to customer oriented, we have a sales and marketing team, comprising 24 full time employees as of March 31, 2018, of whom 14 are responsible for selling our industrial and engineering products and 10 are responsible for sales and marketing of our material handling equipment.

Our sales teams and key account managers are responsible for growing our relationships with key customers and developing strategies to ensure that we are engaging in projects and developing the right products in line with the market trends and our business strategy.

Human Resources

Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills. Recruitment of personnel in different categories is carried out by the human resources department of our Company.

As on March 31, 2018, we had a large workforce of 4,731 employees. The following table illustrates the breakdown of the numbers of our employees by function:

S. No.	Function	As of March 31, 2018
1.	Management staff	253

S. No.	Function	As of March 31, 2018
2.	Permanent workmen	1,331
3.	Apprentices/ Trainees	1,859
4.	Contract workmen	1,541
	Total	**4,731**

Information Technology

Our IT systems are vital to our business. We have implemented Oracle E Business Suite in 2013 which covers key areas of our operations, procurement, inventory, sales and dispatch and accounting. It encompasses all materials management, including procurement, bill of material, inventory finance and accounts and sales order and invoicing management. We have developed in-house application software for human resource management, drawing maintenance, calibration and exports documentation. We also have installed Computer Aided Design (“**CAD**”) software which aid in design, development and prototyping. We have made conscious efforts to consistently upgrade our systems to ensure efficiency and reduce redundancies.

The key functions of our IT team include establishing and maintaining enterprise information systems and infrastructure services to support our business requirements.

For network security, we maintain four levels of protection for our data center constructed by our service provider. We have taken necessary measures for ensuring cyber security, data protection from virus attacks and hacking and disaster recovery servers and systems for data retrieval and business continuity,

Insurance

We maintain insurance cover for our properties, including protection from special perils, burglary, product liability and employee insurance policies such as group personal accident policy, health insurance policy and workmen compensation policy. We also maintain a key man insurance policy for our Chairman and Managing Director and a directors’ and officers’ liability insurance policy for all our Directors and key employees.

Also see, “***Risk Factors – Our insurance coverage may not be adequate to protect us against all material risks. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against a possible risk of loss***” on page 37.

Property

Our Company’s registered and corporate office is located at Senthel Towers, 4th Floor, 1078, Avanashi Road, Coimbatore 641 018, Tamil Nadu, India, which is on lease, pursuant to lease deeds dated February 2, 2017 and November 29, 2017, both valid until February 29, 2020.

Except our facilities at Arasur and Kurichi at Coimbatore, which are owned, and our facilities at Sriperumbudur near Chennai in the State of Tamil Nadu, Pithampur near Indore in the State of Madhya Pradesh, and Jamshedpur in the State of Jharkhand, which are under long term lease from the respective state industrial development corporations, all of our manufacturing facilities are on leasehold basis. Also see, “- ***Manufacturing Facilities***” on page 187.

Further, we have three marketing and product development offices at Mumbai, Chennai and Pune, which are on leasehold basis.

Intellectual property

Our Company has registered “Craftsman” under classes 6, 7 and 12 as our trademark. We own a registered trademark “WWW.CRAFTSMANAUTOMATION.COM” for our website under classes 6 and 12. Additionally, our Company has also applied to the trademark registry for registration of certain trademarks under various classes, which are currently pending approval.

Also see, “***Government and Other Approvals***” on page 463.

Corporate Social Responsibility (“CSR”)

Our CSR initiatives are aligned with the requirements under the Companies Act 2013. We strive to meet our commitment towards the community by committing our resources and energies to social development.

Competition

We face competition from competitors both domestically and internationally, in relation to specific sectors, segments, sub-segments or geographies. The key factors of competition may include quality, cost, delivery, technical capability, level of vertical or horizontal integration, and quality of management. Consequently, we do not have a single competitor across all our product ranges.

Also see, "***Industry Overview***" on page 114.

KEY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company and our Subsidiaries. The information detailed in this chapter has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. The description may not be exhaustive, and is only intended as a substitute to provide general information to investors, and is neither designed, nor intended as a substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions. For further information, see "**Government and Other Approvals**" on page 463.*

Industry specific legislations

Bureau of Indian Standards Act, 1986

The Bureau of Indian Standards Act, 1986, as amended (the "**Bureau of Indian Standards Act**"), provides for the establishment of bureau for the standardisation, marking and quality certification of goods. The Bureau of Indian Standards Act provides for the functions of the bureau which include, among others (a) recognize as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specify a standard mark to be called the Bureau of Indian Standards Certification Mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) make such inspection and take such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license.

Steel and Steel Products (Quality Control) Order, 2012

The Steel and Steel Products (Quality Control) Order, 2012, as amended (the **"Quality Control Order"**), was passed in exercise of Section 14 of the Bureau of Indian Standard Act, 1986. The Quality Control Order provides that only those steel or steel products meeting the specified applicable standard of quality may be manufactured, sold or distributed by any person. The Quality Control Order provides that all steel or steel products not meeting the specified standards shall be disposed of as scrap as per the scheme of testing and inspection under the Bureau of Indian Standards Act, 1986. The Quality Control Order requires manufacturers of steel or steel products to apply for certification under the Bureau of Indian Standards Act, 1986. The Quality Control Order further provides for testing of samples bearing the Standard Mark, to confirm if they meet the specified standards as per the Bureau of Indian Standards Act, 1986.

Steel and Steel Products (Quality Control) Second Order, 2012

The Steel and Steel Products (Quality Control) Second Order, 2012, as amended (the "**Quality Control Second Order**"), was passed in exercise of Section 14 of the Bureau of Indian Standards Act. The Quality Control Second Order provides that no person shall sell, manufacture, distribute or store steel products specified in the schedule thereto unless the products contain a certification marks of the Bureau of Indian Standards by obtaining a certification marks license and conforming to the specified standards. However, this does not apply to steel products manufactured for export which conform to the specifications of the foreign buyer. The Quality Control Second Order covers nine categories of steel products.

Steel and Steel Products (Quality Control) Order, 2015

The Steel and Steel Products (Quality Control) Order, 2015, as amended (the "**Quality Control Order 2015**"), was notified by the Government of India, Ministry of Steel to bring 22 additional steel products under mandatory BIS certification. All manufacturers of steel and steel products are required to apply to the Bureau of Indian Standards for certification and ensure compliance with the Quality Control Order 2015.

Legal Metrology Act, 2009

The Legal Metrology Act, 2009, as amended (the "**Metrology Act**"), was enacted with the objectives to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Metrology Act states that any transaction/contract relating to goods/class of goods shall be as per the weight/measurement/numbers prescribed by the Metrology Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in rules by each state

Duty Drawback Scheme

The duty drawback scheme is an option available to exporters. Under this scheme, exporter of goods is allowed to take back refund of money to compensate him for excise duty paid on the inputs used in the products exported by him. It neutralizes the duty impact in the goods exported. Relief of customs and central excise duties suffered on the inputs used in the manufacture of export product is allowed to exporters. The admissible duty drawback amount is paid to exporters by depositing it into their nominated bank account. Section 75 of the Customs Act, 1962 and Section 37 of the Central Excise Act, 1944, empower the Central Government to grant such duty drawback. Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 (the "**Drawback Rules**") have been framed outlining the procedure to be followed for the purpose of grant of duty drawback (for both kinds of duties suffered) by the customs authorities processing export documentation. Under duty drawback scheme, an exporter can opt for either all industry rate of duty drawback scheme or brand rate of duty drawback scheme.

The all industry rate of duty drawback scheme essentially attempts to compensate exporters of various export commodities for average incidence of customs and central excise duties suffered on the inputs used in their manufacture. Brand rate of duty drawback is granted in terms of rules 6 and 7 of the Drawback Rules in cases where the export product does not have any all industry rate or duty drawback rate, or where the all industry rate duty drawback rate notified is considered by the exporter insufficient to compensate for the customs or central excise duties suffered on inputs used in the manufacture of export products. For goods having an all industry rate, the brand rate facility to particular exporters is available only if it is established that the compensation by all industry rate is less than 80% of the actual duties suffered in the manufacture of the export goods.

Merchandise Exports from India Scheme

Pursuant to the Foreign Trade Policy (2015-2020), the Merchandise Exports from India Scheme (the "**MEI Scheme**") was introduced to provide rewards to exporters to offset infrastructure inefficiencies and associated costs in export of goods, especially those having high export intensity, employment potential and ability to enhance India's export competitiveness. Export of notified goods to notified markets are rewarded under the MEI Scheme. The basis for calculation of the reward under the MEI Scheme is on the Free on Board ("**FOB**") value of exports realized in free foreign exchange or on the FOB value of exports mentioned in the shipping bill, whichever is less, unless otherwise specified. With effect from June 1, 2015, the MEI Scheme mandatorily requires a declaration of intent to be endorsed on the shipping bills (except free shipping bills) to be eligible to claim any reward under the MEI Scheme.

Labour law legislations

Factories Act, 1948

The Factories Act, 1948, as amended (the "**Factories Act**"), defines a "factory" to cover any premises which employs 10 or more workers on any day of the preceding 12 months and in which manufacturing process is carried on with the aid of power or any premises where at least twenty workers are employed in a manufacturing process. Each state government has enacted rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The Factories Act also provides for imposition of fines and imprisonment of the manager and occupier of the factory in case of any contravention of the provisions of the Factories Act.

In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following in an indicative list of labour laws which may be applicable to our Company due to the nature of the business activities:

(i) The Contract Labour (Regulation and Abolition) Act, 1970;
(ii) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
(iii) The Employees' State Insurance Act, 1948;
(iv) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;

(v) The Minimum Wages Act, 1948;
(vi) The Payment of Bonus Act, 1965;
(vii) The Payment of Gratuity Act, 1972;
(viii) The Payment of Wages Act, 1936;
(ix) The Maternity Benefit Act, 1961;
(x) The Workmen's Compensation Act, 1923;
(xi) The Industrial Disputes Act, 1947;
(xii) The Industries (Development and Regulation) Act, 1951
(xiii) The Industrial Employment Standing Orders Act, 1946;
(xiv) The Child Labour (Prohibition and Regulation) Act, 1986;
(xv) The Equal Remuneration Act, 1976;
(xvi) The Sexual Harassment of Women at Workplace(Prevention, Prohibition and Redressal) Act, 2013;
(xvii) The Trade Unions Act, 1926 and The Trade Union (Amendment) Act, 2001; and
(xviii) The Employees' Compensation Act, 1923.

Intellectual Property

Intellectual property rights refers to the general term for intangible, intellectual, industrial property rights through patents, copyrights and trademarks and includes geographical indications, trade secrets, and confidential information. These property rights allow the holder to exercise a monopoly on the use of the item for a specified period.

The Trade Marks Act, 1999, as amended (the "**Trade Marks Act**"), provides for the registration of trademarks in India, pursuant to which the registered owner of a trademark is granted exclusive rights to registered marks, including brands, labels and headings, and to obtain relief in case of infringement for commercial purposes. The Trade Marks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringing, falsifying and falsely applying trademarks.

Environmental Laws

The major statutes in India which seek to regulate, and protect the environment from, pollution related activities in India include the Environment Protection Act, 1986, Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016, Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981. A brief description of these statutes are as follows:

The Environment Protection Act, 1986, as amended (the "Environment Act")

The Environment Act has been enacted for the protection and improvement of the environment. The Environment Act empowers the GoI to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The GoI may make rules for regulating environmental pollution.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, as amended (the "Hazardous Waste Rules")

The Hazardous Waste Rules are to be read with the Environment Act. The term "hazardous waste" has been defined in the Hazardous Waste Rules and any person who has, control over the affairs of the factory or the premises or any person in possession of the hazardous waste has been defined as an "occupier". Furthermore, in terms of the Hazardous Waste Rules, the occupier has been, inter alia, made responsible for safe and environmentally sound handling of hazardous wastes generated in his establishment and shall require license/authorisation for generation, processing, treatment, package, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or the like of the hazardous waste from the State Pollution Control Board.

Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981

The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (the "**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each State. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power to carry out search, seizure and investigation if the authorities are aware of or suspect pollution that is not in accordance with such regulations. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be renewed annually.

Foreign Investment Regulations

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999, as amended (the "**FEMA**"), along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, and the consolidated FDI Policy (the "**FDI Policy**") issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time. Under the current FDI Policy (effective from August 28, 2017), foreign direct investment in companies engaged in the manufacturing sector is permitted up to 100% of the paid-up share capital of such company under the automatic route, i.e. without requiring prior government approval, subject to compliance with certain prescribed pricing guidelines and reporting requirements.

Foreign Trade Regulations

Imports and exports are governed by the Foreign Trade (Development and Regulation) Act, 1992, as amended (the "**FTDR**") and the Export and Import Policy (the "**EXIM Policy**") formulated by the Central Government from time to time. FTDR provides for an Importer Exporter Code ("**IEC**") to be granted to those persons licensed to carry out imports and exports, which may be suspended or cancelled in case of violation of the provisions of FTDR or the EXIM Policy. No person is allowed to carry out imports and exports without a valid IEC.

Export Promotion Capital Goods Scheme

The Export Promotion Capital Goods Scheme (the "**EPCG Scheme**") provides that importers can benefit from reduced duties on the import of capital goods provided that they fulfil an export obligation to export a prescribed amount of their goods manufactured or services rendered (such amount being a multiple of the duty saved) within a specified period. Export obligations can be fulfilled by either through direct exports or through third parties. An EPCG authorization holder shall be liable to pay custom duties along with interest custom in the event of non-fulfillment of prescribed export obligations.

Laws Relating to Taxation

The Goods and Services Tax ("**GST**") is levied on supply of goods or services or both jointly by the Central Government and state governments. It is governed by the GST Council. GST provides for imposition of tax on the supply of goods or services and will be levied by the Central Government on intra-state supply of goods or services and by the state government including union territories. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 ("**CGST**"), relevant state's Goods and Services Act, 2017 ("**SGST**"), Union Territory Goods and Services Act, 2017 ("**UTGST**"), Integrated Goods and Services Act, 2017 ("**IGST**"), Goods and Services (Compensation to States) Act, 2017 and various rules made thereunder. The central/state authority shall issue the registration certificate upon receipt of application. The certificate shall contain a 15 digit registration numbers known as GST identification number. In case a person has multiple business verticals in multiple locations in a state, a separate application will be made for registration of each location. The registered assessee is required to pay GST as per the rules applicable and file the appropriate returns as applicable.

Further, the Income Tax Act, 1961 (the "**IT Act**") is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc.

Other applicable laws

Shops & Establishments legislations in various states

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered under the respective legislations. These legislations regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as "Craftsman Automation Private Limited" on July 18, 1986, as a private limited company under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Chennai, Tamil Nadu. Pursuant to the conversion of our Company to a public limited company and as approved by the Shareholders pursuant to a resolution dated April 30, 2018, the name of our Company was changed to "Craftsman Automation Limited" and the RoC issued a fresh certificate of incorporation dated May 4, 2018.

Business and management

For further information on our Company's corporate profile, business, marketing, the description of our activities, services, products, market of each segment, the growth of our Company, exports and profits due to foreign operations and country-wise analysis, standing of our Company in relation to prominent competitors with reference to our products and services, environmental issues, technology, major suppliers, major customers, geographical segment and management, see "***Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 173 and 422, respectively.

For further information on the management of our Company and its managerial competence, see "***Management***" on page 205.

Changes in Registered Office

Date of Change	Details of change	Reasons for change
July 1, 2014	Change of registered office from 15, LML Colony, P.N. Palayam, Coimbatore 641 037, Tamil Nadu, India to Senthel Towers, 4th Floor, 1078, Avanashi Road, Coimbatore 641 018, Tamil Nadu, India.	Convenience and better infrastructure and accessibility

Our main objects

The main objects of our Company as contained in our Memorandum of Association are:

1. To establish and set up tool room and mould base facility and foundry for the manufacture of moulds, jigs, fixtures and patterns and to design, manufacture, sell or lease machine tools, dies, moulds, jigs, fixtures, patterns and the like.

2. To undertake the business of manufacture and machining of power train products for automobiles like engine block, cylinder head, gear box, transmission assembly, cam shaft, crank shaft, bearing housing, turbo charger, steering columns, machine castings of all types and also all kinds of aluminium parts for automotive and other industrial applications.

3. To carry on the business of engineers, founders for ferrous and non- ferrous, sand, pepset, low pressure die casting, high pressure die casting, gravity die casting and to manufacture castings of all types and for all applications, undertake aluminium welding and manufacture of welded aluminium sections, sub assemblies.

4. To establish and maintain sheet metal fabrication facility and to undertake all types of fabrication, welding, manufacture of industrial storage products, cabinets, vertical lift modules, pallet trucks, roll form products, verticals, uprights, cross beam and other items of storage products and to provide all kinds of storage solutions.

5. To manufacture printing and packaging machinery.

6. To manufacture all kinds of high end sub-assembly, precision components, tools, accessories and parts.

7. To manufacture railway products like engine components, cylinder liners, piston, piston pin, connecting rod, railway bogies, base frames and other railway products.

8. To carry on the business as manufacturers, sellers, distributors, dealers, repairers, importers and exporters of all types of machine-tools, conveyors, cranes, hoists, crane kits and all types of material handling equipment and machinery and components and accessories thereof.

9. To carry on the business as manufacturers, sellers, dealers, importers and exporters of all types of gear, gear boxes and transmission parts.

10. To carry on the business as manufacturers, dealers, importers and exporters of all types of marine engines and accessories for marine applications.

11. To carry on all or any of the business of manufacturers and producers, importers and exporters, buyers, sellers, stockist, suppliers and distributors, dealers, repairers and workers in electronic control systems, computer numerical control systems, numerically controlled machines, robots, automatic and semi-automatic machines, special purpose machines, remote control systems and microprocessor based systems, machines, robots using artificial intelligence, remote signaling systems, monitoring systems, microcomputers and control panels for the automation of machinery, machine-tools and manufacturing processes on the shop floor and production facilities.

12. To carry on business as manufacturers, buyers, sellers, agents and dealers of control system components such as servo motors, stepper motors, power cylinders, solenoid and other types of valves, all types of power drives, microprocessor systems, power supplies, rotary and linear transducers, digital co-ordinate measuring and read-out systems.

13. To carry on the trade or business of manufactures of every kind of mining and other machinery including air compressors, road rippers, pneumatic rock drills, pneumatic tools, component parts and other accessories.

14. To carry on the business as manufacturers, buyers, sellers, and dealers in automobile ancillaries, vehicle bodies, assemblies, sub-assemblies parts and accessories of passenger and commercial vehicles, tyre treads, tyre retreading machinery and equipments, automobile maintenance and service equipments and related machines and tools.

15. To carry on the business of manufacture of all types and of every description of electrical and electronic equipment, appliances and apparatus and maintenance thereof, dealers in such equipment, appliances and apparatus, electronic goods of every description and the manufacture of plants, machinery and tools for application in all the business.

16. To undertake and execute all contracts for works including supply or use of machinery or components of any kind and carry out any kind ancillary work connected with such works and contracts.

17. To carry on the business of manufacturers and dealers in electrical equipments, electrical motors stamping dynamos, electrical instruments, sound equipments, conductors, appliances, apparatus, accessories thereof, electrical wiring accessories, electrical fans and refrigerating apparatus and appliances of all kinds.

18. To manufacture all types of plastic compounds and solutions and all types of plastic equipment and parts such as pumps, fans, blowers, reinforced vessels and tank filters, special high temperature resisting tubes and fitting and related parts and other plastic moulded articles, components, and raw materials.

The main objects clause as contained in the Memorandum of Association enable our Company to undertake its existing activities.

Amendments to our Memorandum of Association

Since the incorporation of our Company, the following changes have been made to our Memorandum of Association:

Date of change/Shareholders' resolution	Nature of amendment
1989	The authorized share capital of our Company was increased from ₹ 200,000 divided into 2,000 equity shares of ₹ 100 each to ₹ 500,000 divided into 5,000 equity shares of ₹ 100 each
February 4, 1991	The authorized share capital of our Company was increased from ₹ 500,000 divided into 5,000 equity shares of ₹ 100 each to ₹ 1,500,000 divided into 15,000 equity shares of ₹ 100 each
February 7, 1997	The authorized share capital of our Company was increased from ₹ 1,500,000 divided into 15,000 equity shares of ₹ 100 each to ₹ 3,000,000 divided into 30,000 equity shares of ₹ 100 each
March 4, 1999	The authorized share capital of our Company was increased from ₹ 3,000,000 divided into 30,000 equity shares of ₹ 100 each to ₹ 10,000,000 divided into 100,000 equity shares of ₹ 100 each
March 7, 2007	The authorized share capital of our Company was increased from ₹ 10,000,000 divided into 100,000 equity shares of ₹ 100 each to ₹ 50,000,000 divided into 500,000 equity shares of ₹ 100 each.
March 27, 2012	The authorized share capital of our Company was increased from ₹ 50,000,000 divided into 500,000 equity shares of ₹ 100 each to ₹ 100,000,000 divided into 1,000,000 equity shares of ₹ 100 each
December 11, 2017	The authorized share capital of our Company was increased from ₹ 100,000,000 divided into 1,000,000 equity shares of ₹ 100 each to ₹ 200,000,000 divided into 2,000,000 equity shares of ₹ 100 each.
April 30, 2018	Our Company was converted from a private limited company to a public limited company and consequently the name of our Company was changed from Craftsman Automation Private Limited to Craftsman Automation Limited.
April 30, 2018	The authorized share capital of our Company was reclassified from ₹ 200,000,000 divided into 2,000,000 equity shares of ₹ 100 each to ₹ 200,000,000 divided into 40,000,000 Equity Shares of ₹ 5 each.
April 30, 2018	The main objects of the Company was amended to reflect the present main objects of the MoA. For further information, see "***- Our Main Objects***" on page 197.

Total number of Shareholders

As on the date of this Draft Red Herring Prospectus, our Company has eight Shareholders. For further information on the shareholding of our Company, see "***Capital Structure - Our shareholding pattern***" on page 92.

Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Calendar Year	Details
1986	• Our Company was incorporated as Craftsman Automation Private Limited
2001	• Commissioned aluminium foundry unit at Kurichi, Coimbatore
2005	• Commissioned a satellite unit in Pithampur • Obtained ISO 9001: 2000 and ISO/TS 16949:2002 registration certification
2007	• Commissioned satellite unit in Chennai and Jamshedpur • Commenced joint ventures with Carl Stahl and Mitsubishi • Obtained "Star Export House" registration certificate
2008	• Incorporated our Subsidiaries i.e. Craftsman Marine B.V. and Craftsman Automation Singapore Pte. Ltd.
2010	• Commissioned satellite units Sriperumpudur near Chennai
2011	• Commissioned satellite units in Pune and Faridabad
2012	• Set up storage solutions in Arasur, Coimbatore
2014	• Commissioned second satellite unit in Pune
2015	• Set up technology division in Bengaluru • Commissioned aluminium sand foundry, HPDC and LPDC in Arasur, Coimbatore
2016	• Commissioned railway and camshaft business in Arasur, Coimbatore • Commissioned HPDC facility at Bengaluru
2017	• Commissioned machining services in Bengaluru
2018	• Our Company was converted into public limited company and the name of our Company was changed to "Craftsman Automation Limited"

Awards and Accreditations

Financial Year	Details
2005	• Received the "*Star Performer Award*" in bearings, gears, gearing and driving elements & parts (medium enterprise) from EEPC India
2009	• Received "*Star Performer Award*" in bearings, gears, gearing and driving elements & parts (large enterprise) from EEPC India
2011	• Received "*Star Performer Award*" for miscellaneous general purpose machinery (large enterprise) from EEPC India • Received "*Best Quality Performance Award (Auto Division)*" from Mahindra & Mahindra Limited • Received "*Certificate of Recognition for Quality*" from GE
2012	• Received "*Sanjeevani Award in Farm Division*" from Mahindra & Mahindra Limited • Received "*Excellent Supplier Award*" from Mitsubishi Heavy Industries Printing & Packaging Machinery Limited
2013	• Received "*President Award in Auto Division*" from Mahindra & Mahindra Limited
2014	• Received "*Certificate of Excellence*" for "*Best Supplier - Quality 2013*" by GE
2015	• Received "*Best Supplier Award*" from Mitsubishi Heavy Industries – VST Diesel Engines Private Limited
2016	• Received "*Supply Chain Transformation Award*" by Cummins
2017	• Received "*Certificate of Appreciation*" for outstanding support as strategic supplier partner from GE Energy Connections • Received "*1st Prize in Mould Base Category*" from Godrej • Received "*Suppliers Business Capability Building Award*" from Mahindra • Received "*India Direct Supplier of the Year Award*" from Cummins • Received "*Category Partner*" status from Cummins • Received "*Recognition for long-standing association*" by Royal Enfield
2018	• Received "*Suppliers Summit -2018 Award*" for outstanding business alignment for defense business by Ashok Leyland • Received "*Appreciation for Best Overall Performance Award*" by Siemens

Material changes in activities of our Company during the last five years

There have been no changes in the activities of our Company since incorporation, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Capital raising activities through equity and debt

Our equity issuances in the past and outstanding debt as on April 30, 2018, have been provided in "***Capital Structure - Share Capital History***", "***Objects of the Offer - Details of the Objects of the Fresh Issue***" and "***Financial Indebtedness***" on pages 85, 96 and 455, respectively. Further, our Company has not undertaken any public offering of debt instruments since its incorporation.

Strike and lock-outs

We have not experienced any strike, lock-outs or labour unrest since incorporation.

Time/cost overrun

Except as disclosed in "***Risk Factors - Some of our manufacturing facilities are operated on industrial land allotted to us by industrial development corporations. Failure to comply with the conditions of use of such land could result in an adverse impact on our business and financial condition.***" and "***Risk Factors – Delay in schedule of implementation may subject us to risks related to time and cost overrun which may have an adverse effect on our business, results of operations and financial condition.***" on pages 27 and 36, respectively, as on the date of this Draft Red Herring Prospectus, there have been no time/cost overruns in respect of our projects.

Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by our Company

As on the date of this Draft Red Herring Prospectus, there has been no default or rescheduling of borrowings with financial institutions or banks. Further, none of our loans has been converted into Equity Shares.

Injunctions or Restraining Order against our Company

Our Company is not operating under any injunction or restraining order as on the date of this Draft Red Herring Prospectus.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, etc.

Our Company has not acquired any business or undertaking, or entered into any scheme of merger or amalgamation or revalued its assets.

Material agreements

1. ***Shareholders' agreement dated July 3, 2012 (the "SHA") by and among our Company, our Promoter, S. Murali, K. Gomatheswaran, IFC and Standard Chartered Private Equity (Mauritius) II Limited ("SCPE" and together with IFC, the "Investors"), as amended and deed of adherence dated March 17, 2017 executed by and among our Company, our Promoter, the Investors, K. Gomatheswaran and Marina (the "Deed of Adherence").***

   Our Promoter, K. Gomatheswaran, S. Murali, the Investors and our Company entered into the SHA to set out the terms and conditions of the relationship of the shareholders of our Company and certain matters connected therewith. The key provisions of the SHA are summarized below:

   (a) *Board of directors:* In terms of the SHA, the Investors have the right to nominate one director each on the Board of our Company or committee provided the Investors hold at least 30.00% of the equity shares allotted to them pursuant to the respective share subscription agreements entered into by them with our Company;

   (b) *Transfer of equity shares:* The SHA contains certain transfer restrictions *vis-a-vis* the Equity Shares. For example, our Promoter and K. Gomatheswaran are together required to hold at least 55.00% of the Equity Shares, of which at least 51.00% shareholding is required to be maintained by our Promoter. Further, our Promoter, K. Gomatheswaran and S. Murali are restricted from transferring the Equity Shares, unless a prior written consent is sought from the Investors, and are restricted from creating an encumbrance on the Equity Shares held by them;

   (c) *Pre-emptive and anti-dilution rights:* The SHA contains certain preferential rights for the Investors, including pre-emptive and anti-dilution rights in the event our Company issues equity shares (except for equity shares issued pursuant to any employee stock option plan of our Company or listing of equity shares on stock exchanges);

   (d) *Consent rights:* As per the SHA, there are certain corporate matters pertaining to our Company in respect of which our Company is required to obtain a prior written consent from the Investors before proceedings with them, such as (i) amending or repealing our Company's charter; (ii) creating, authorising or issuing Company's shares; (iii) authorising or undertaking listing or any offering of the Equity Shares; (iv) authorising or undertaking any change of capital structure of our Company; and (v) declaration or payment of dividend;

   (e) *Exit rights:* As per the SHA, our Company is mandated to undertake an initial public offering within a stipulated time to provide an exit for the Investors, the terms of which require prior written consent of the Investors. In the event our Company fails to complete the initial public offering, our Company is required to either: (i) buy-back all or part of the Equity Shares held by the Investors; or (ii) identify an investor to purchase the Equity Shares held by the Investors at either the fair market value price or at a specified internal rate of return on the subscription amount, whichever is higher.

   In accordance with the terms of the SHA, SCPE transferred its entire shareholding of 89,100 equity shares in our Company to Marina, an affiliate of SCPE, for which the Deed of Adherence was executed. Further, pursuant to the Deed of Adherence, all rights and obligations of SCPE under the SHA were transferred to Marina.

Further, in order to facilitate the Offer in accordance with applicable laws, the Investors and the Company have recorded certain waivers and acknowledgments in respect of the Offer to the extent provided in the waiver letter dated March 29, 2018 (the "**Waiver Letter**"). The Waiver Letter will come into effect from the date of the listing of Equity Shares on Stock Exchanges.

In terms of Part A of our Articles of Association (which will become effective from the date of listing of our Equity Shares on the Stock Exchanges pursuant to this Offer) and in accordance with the terms of the Waiver Letter, each of the two Investors will be entitled to nominate one director each on our Board, so long as they individually hold at least 30.00% of their respective equity shares subscribed to and held by each of IFC and Marina (originally subscribed by SCPE) on a fully diluted basis taking into account equity shares arising from bonus, split or sub-division of the equity shares (excluding any acquisition of equity shares by the Investors post listing of the Equity Shares on the Stock Exchanges), subject to the approval by the members of our Company through a special resolution at the first general meeting of our Company held post completion of this Offer. To the extent of the SHA, the indemnity and miscellaneous provisions of the SHA will survive post listing of the Equity Shares on Stock Exchanges. The other terms and conditions stipulated in the SHA read with the Deed of Adherence will, ipso facto, automatically terminate upon the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer, without requiring any further action by our Company or the Investors. For further information, see "***Main Provisions of the Articles of Association – Part A***" on page 537.

2. Put option agreement dated July 3, 2012 amongst our Company, our Promoter, S. Murali, K. Gomatheswaran and IFC (the "Put Option Agreement"), as amended

In terms of the Put Option Agreement, IFC has been granted an option to sell its equity shares to our Promoter, S. Murali and K. Gomatheswaran, who are obligated to proportionately purchase such equity shares from IFC in accordance with the terms set out in the Put Option Agreement. The right of IFC to exercise the put option shall terminate in the event our Company, our Promoter, S. Murali and K. Gomatheswaran provide an exit to IFC in terms of the Shareholders' Agreement dated July 3, 2012, with respect to 66,263 equity shares (equivalent to 1,325,260 Equity Shares) subscribed by IFC pursuant to a share subscription agreement dated June 28, 2010 amongst our Company, our Promoter, S. Murali, K. Gomatheswaran and IFC.

3. Joint venture agreement dated June 21, 2007 between our Company and Carl Stahl Hebetechnik GmbH (previously known as Carl Stahl International GmbH) (the "Carl Stahl JV Agreement")

Pursuant to the Carl Stahl JV Agreement, Carl Stahl Craftsman Enterprises Private Limited was incorporated in India on June 22, 2007, as a private limited company under the Companies Act 1956 for the purpose of carrying on the business of trading in lifting gear and material handling equipment and other equipment and accessories relating to mechanical and/or electrical segment of engineering and marketing them in India.

4. Joint venture agreement dated October 22, 2007 between our Company, Mitsubishi Corporation, Mitsubishi Corporation India Private Limited and Mitsubishi Corporation Technos (the "Mitsubishi Shareholders") (the "MC JV Agreement")

Pursuant to the MC JV Agreement, MC Craftsman Machinery Private Limited was incorporated in India on November 6, 2007 as a private limited company under the Companies Act 1956 with the primary objective of selling electric discharge machine and laser cutting machine produced by Mitsubishi Electric Corporation as well as related spare parts. MC Craftsman Machinery Private Limited is no longer a joint venture of our Company. Presently, our Company holds 209,999 equity shares aggregating to 10.00% of the total equity share capital of MC Craftsman Machinery Private Limited.

Other material agreements

Except as stated hereinabove, as on the date of this Draft Red Herring Prospectus we have not entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by us or contract entered into more than two years before the filing of this Draft Red Herring Prospectus.

Guarantees provided by our Promoter

As of the date of this Draft Red Herring Prospectus, our Promoter has provided guarantees to lenders in terms of the borrowing arrangements entered into by our Company with its lenders. For further information, see "***Financial Indebtedness***" and "***Material Contracts and Documents for Inspection***" on pages 455 and 607, respectively.

Holding company of our Company

As on date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Subsidiaries of our Company

As on the date of this Draft Red Herring Prospectus, our Company has two subsidiaries.

1. Craftsman Marine B.V.

Craftsman Marine B.V. was incorporated on June 3, 2008 under the laws of the Kingdom of the Netherlands. The registered office of Craftsman Marine B.V. is located at Pascalstraat 88, 3316 GR, Dordrecht, The Netherlands.

Craftsman Marine B.V. is currently permitted to carry on the business of engineering and other technical design and consultancy, as well as wholesale of articles for ships and for fishing (no sport fishing) in accordance with applicable rules and regulations.

The board of directors of Craftsman Marine B.V. consists of Srinivasan Ravi.

The authorized, issued and subscribed share capital of Craftsman Marine B.V. is € 90,000.00 divided into 900 shares of par value of € 100 each.

Our Company holds 100% of the issued and subscribed share capital of Craftsman Marine B.V.

There are no accumulated profits or losses of Craftsman Marine B.V. not accounted for by our Company.

2. Craftsman Automation Singapore Pte. Ltd.

Craftsman Automation Singapore Pte. Ltd. was incorporated on February 15, 2008 under the laws of Singapore. The registered office of Craftsman Automation Singapore Pte. Ltd. is located at 151 Chin Swee Road #14-13 Manhattan House, Singapore 169876.

Craftsman Automation Singapore Pte. Ltd. is currently engaged in the business of trading and operating as a sourcing agent for our Company.

The board of directors of Craftsman Automation Singapore Pte. Ltd. consists of Srinivasan Ravi and Lee Sok Hoon.

The total share capital and the issued share capital is SGD 100,000 divided into 100,000 equity shares with the value of SGD 1 each.

Our Company holds 100% of the issued share capital of Craftsman Automation Singapore Pte. Ltd.

There are no accumulated profits or losses of Craftsman Automation Singapore Pte. Ltd. not accounted for by our Company.

Joint Venture

As on the date of this Draft Red Herring Prospectus, our Company has one joint venture.

Carl Stahl Craftsman Enterprises Private Limited

Carl Stahl Craftsman Enterprises Private Limited is a private limited company and was incorporated on June 22, 2007 under the Companies Act 1956. The CIN of Carl Stahl Craftsman Enterprises Private Limited is U51900TZ2007PTC013823. The registered office of Carl Stahl Craftsman Enterprises Private Limited is located at Senthel Towers, 4th Floor, 1078, Avanashi Road, Coimbatore 641 018, Tamil Nadu, India. Carl Stahl Craftsman Enterprises Private Limited is involved in the business of trading in lifting gear and material handling equipment and other equipment and accessories relating to mechanical and/or electrical segment of engineering and marketing them in India. For further information, see "- ***Material Agreements***" on page 201.

The authorized share capital of Carl Stahl Craftsman Enterprises Private Limited is ₹ 40,000,000 divided into 4,000,000 equity shares of ₹ 10 each and its paid-up share capital is ₹ 20,000,000 divided into 2,000,000 equity shares of ₹ 10 each.

The shareholding of Carl Stahl Craftsman Enterprises Private Limited is as follows:

S. No.	Name of the shareholder	No. of equity shares held	% of total equity share capital
1.	Carl Stahl Hebetechnik GmbH (previously known as Carl Stahl International GmbH)	1,400,000	70.00
2.	Craftsman Automation Limited	600,000	30.00
	Total	**2,000,000**	**100.00**

Confirmations

Listing

None of our Subsidiaries and Joint Venture is listed in India or abroad.

Sale or purchases exceeding 10% in aggregate of the total sales or purchases of our Company

Our Company is not involved in any sales or purchases with any of our Subsidiaries or Joint Venture where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

Business Interests and Common Pursuits

Except as disclosed in "***Business***" and "***Financial Statements***" on pages 173 and 229, respectively, none of our Subsidiaries and Joint Venture has any business interest in our Company.

Except as disclosed in "***Business***" and "***Financial Statements***" on pages 173 and 229, respectively, there are no common pursuits between our Company and our Subsidiaries/Joint Venture.

Strategic and financial partnerships

As on the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

MANAGEMENT

In terms of our Articles of Association, our Company is required to have not less than three and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises eight Directors.

Our Board

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

Name, designation, address, occupation, nationality, term and DIN	Age (in years)	Other Directorships
Srinivasan Ravi *Designation:* Chairman and Managing Director *Address:* Old No. 153, New No. 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India. *Occupation*: Business *Nationality*: Indian *Term:* Five years with effect from October 1, 2016 *DIN:* 01257716	55	*Indian private companies* 1. MC Craftsman Machinery Private Limited; and 2. Carl Stahl Craftsman Enterprises Private Limited. *Indian public companies* Nil *Foreign companies* 1. Craftsman Automation Singapore Pte. Limited; and 2. Craftsman Marine B.V.
Ravi Gauthamram *Designation:* Whole-time Director *Address:* Old No. 153, New No. 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India. *Occupation*: Business *Nationality*: Indian *Term:* Five years with effect from October 1, 2016 *DIN:* 06789004	30	*Indian private companies* 1. MC Craftsman Machinery Private Limited. *Indian public companies* Nil *Foreign companies* Nil
Chandramohan Natarajan *Designation:* Whole-time Director *Address:* A/804, Florentine Co. Hsg. Society, Hiranandani Gardens, Powai, Mumbai 400 076, Maharashtra, India. *Occupation*: Business *Nationality*: Indian *Term:* Three years with effect from July 1, 2017 *DIN:* 00302544	66	*Indian private companies* Nil *Indian public companies* Nil *Foreign companies* Nil
Udai Dhawan *Designation:* Nominee Director	45	*Indian private companies* 1. Standard Chartered Private Equity Advisory (India) Private Limited.

Name, designation, address, occupation, nationality, term and DIN	Age (in years)	Other Directorships
Address: 46, 2nd Floor, Poorvi Marg, Vasant Vihar, New Delhi 110 057, India. *Occupation*: Service *Nationality*: Indian *Term:* Appointed with effect from April 28, 2017. Not liable to retire by rotation *DIN:* 03048040		*Indian public companies* 1. Redington (India) Limited; 2. Prime Focus Limited; 3. Ocean Sparkle Limited; and 4. Powerica Limited. *Foreign companies* Nil
Chandrashekar Bhide *Designation:* Independent Director *Address:* 104, Ajay Apartments, T. H. Kataria Marg, Mahim, Mumbai 400 016, Maharashtra, India. *Occupation*: Business *Nationality*: Indian *Term:* Five years with effect from May 24, 2018 *DIN:* 00027967	69	*Indian private companies* Nil *Indian public companies* Nil *Foreign companies* Nil
Kallakurichi Kanniah Balu *Designation:* Independent Director *Address:* No. 17/11, Syndicate Enclave, Sengani Amman Koil Street, Maduvankarai, Guindy, Chennai 600 032, Tamil Nadu, India. *Occupation*: Professional *Nationality*: Indian *Term:* Two years with effect from May 24, 2018 *DIN:* 03640304	73	*Indian private companies* Nil *Indian public companies* Nil *Foreign companies* Nil
Sundararaman Kalyanaraman *Designation:* Independent Director *Address:* S-31, Kirloskar Colony, 3rd Stage, Basaveshwara Nagar, Bengaluru 560 079, Karnataka, India. *Occupation*: Professional *Nationality*: Indian *Term:* Five years with effect from May 24, 2018 *DIN:* 01252878	68	*Indian private companies* 1. Kirloskar Technologies Private Limited; and 2. Toyota Tsusho Insurance Broker India Private Limited. *Indian public companies* 1. Kirloskar Systems Limited. *Foreign companies* Nil
Vijaya Sampath *Designation:* Independent Director *Address:* Flat No - 403, Block -14, Mehrauli Gurgaon Road, Heritage City, Gurgaon 122 002, Haryana, India.	65	*Indian private companies* 1. GVS Envicon Technologies Private Limited;

Name, designation, address, occupation, nationality, term and DIN	Age (in years)	Other Directorships
Occupation: Advocate *Nationality*: Indian *Term:* Five years with effect from April 30, 2018 *DIN:* 00641110		2. L&T – MHPS Turbine Generators Private Limited; and 3. L&T – MHPS Boilers Private Limited. *Indian public companies* 4. Dewan Housing Finance Corporation Limited; 5. Nabha Power Limited; 6. Safari Industries (India) Limited; 7. Suzlon Energy Limited; 8. L&T – Power Development Limited; 9. Eris Lifesciences Limited; and 10. Varroc Engineering Limited. *Foreign companies* Nil

Arrangement or understanding with major shareholders, customers, suppliers or others for appointment of Directors

Udai Dhawan has been appointed as a director of our Company pursuant to Marina's right to appoint a nominee director under the shareholders' agreement dated July 3, 2012 and deed of adherence dated March 17, 2017. In terms of the shareholders' agreement dated July 3, 2012, IFC also has the right to nominate a director on Board. Such right to nominate a director shall fall in the event IFC and Marina fail to hold at least at least 30.00% of their respective equity shares subscribed to and held by each of IFC and Marina (originally subscribed by SCPE) on a fully diluted basis taking into account equity shares arising from bonus, split or sub-division of the equity shares (excluding any acquisition of equity shares by the Investors post listing of the Equity Shares on the Stock Exchanges) . For more details, see "***History and Certain Corporate Matters - Material agreements***" on page 201. Except as stated above, none of our Directors has been appointed as a director or member of senior management pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others.

Brief profiles of our Directors

Srinivasan Ravi is the Chairman and Managing Director of our Company. He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore. He is the Promoter of our Company. He has been associated with our Company since incorporation and has experience of more than 32 years in the automotive industry. He has received various awards, including "Outstanding Citizen of Coimbatore Award" by Rotary Club of Coimbatore in 2018, "Entrepreneur of the Year 2015 Award" by Entrepreneurs' Organization, Coimbatore, "Outstanding Entrepreneur Achiever Award 2012" by Bharathiar School of Management and Entrepreneur Development, Bharathiar University, Coimbatore and "Best Entrepreneur Award" by Coimbatore Management Association in 2010.

Ravi Gauthamram is a Whole-time Director of our Company. He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore and a master's degree in mechanical engineering from RWTH Aachen University, Germany. He has experience in automotive industry. He has been on our Board since February 20, 2014. He is engaged in building the product strategy in the industrial and engineering segment of our Company. He is also the vice president of the Coimbatore Industrial Infrastructure Association ("**COINDIA**"). Prior to joining our Company, he was associated with Caterpillar India Private Limited.

Chandramohan Natarajan is a Whole-time Director of our Company. He holds a bachelor's degree in mechanical engineering from Jawaharlal Nehru Technological University, Andhra Pradesh. He has been on our Board since June 24, 2016. He joined our Company as a president of business development of our Company on

December 2, 2013 and his employment expires on June 30, 2020. He heads the business development initiatives in the industrial and engineering segment of our Company. He has experience in the consumer goods and automotive industries. Prior to joining our Company, he was associated with Juki Corporation, Kobian Electronics India Private Limited, Electronica Group and Lamtuf Plastics Limited.

Udai Dhawan is a Nominee Director of our Company. He holds a bachelor's degree in commerce from University of Delhi and is also a chartered accountant. He holds a master's degree in business administration from the Wharton School, University of Pennsylvania. He has been on our Board since November 25, 2016. He has experience in financial services. He was associated with SkyWorks Capital, LLC, Kotak Mahindra Capital Company Limited, Sabre Inc., J.P. Morgan and Arthur Andersen & Co in the past.

Chandrashekar Bhide is an Independent Director of our Company. He holds a bachelor's degree in technology in mechanical engineering from Indian Institute of Technology, Bombay and a post-graduate diploma in business administration from Indian Institute of Management, Ahmedabad. He has been on our Board since January 31, 2011. He has experience in automotive industry. He was associated with Mahindra & Mahindra Limited in the past.

Kallakurichi Kanniah Balu is an Independent Director of our Company. He holds a bachelor's degree in arts and law from University of Madras. He also holds a post graduate diploma in taxation laws from University of Madras and a diploma in company law with law of banking and banking practice from Annamalai University. He has been on our Board since November 12, 2011. He has experience in corporate, banking and securities laws and he has been a member and vice chairman of the Company Law Board. He has also been a member of investor services related committees at Madras Stock Exchange Limited and NSE. He was also appointed as the arbitrator by Metropolitan Stock Exchange of India Limited, National Spot Exchange Limited, NSDL and NSE. He was associated with National Housing Bank, Syndicate Bank, Shriram Housing Finance Limited, Periwal Bricks Limited and Akshay Avas Nirman Vitta Ltd in the past.

Sundararaman Kalyanaraman is an Independent Director of our Company. He holds a bachelor's degree in mechanical engineering from University of Madras. He has completed senior executive course of the 3-tier programme for management development from Indian Institute of Management, Ahmedabad and BPL strategic leadership programme from Indian Institute of Management, Bengaluru. He has been on our Board since June 30, 2017. He has experience in automotive industry. He was associated with TG Kirloskar Automotive Private Limited, Kirloskar Systems Limited, BPL Limited and Widia (India) Limited in the past. Further, he is a trustee in Caring with Colours - A Manasi Kirloskar Initiative, and has completed a training course for preparation as an award assessor for the "Confederation of Indian Industry Award for Business Excellence" by European Foundation for Quality Management ("**EFQM**"). He is a member of Indian Society for Advancement of Materials and Process Engineering and is also a member of Project Management Institute (a global membership association dedicated to advancing the practice, science and profession of project management).

Vijaya Sampath is an Independent Director of our Company. She holds a bachelor's degree in arts from University of Madras and a bachelor's degree in law from University of Mysore. She is a fellow member of the Institute of Company Secretaries of India. She has attended the advanced management program of Harvard Business School, USA and a program on managing strategic alliances conducted by the Wharton School, University of Pennsylvania, USA. She has been on our Board since April 30, 2018. She has experience in corporate laws and advisory and chairs the FICCI committee on corporate laws. She was associated with Lakshmikumaran & Sridharan Attorneys as a senior partner and with the Bharti Airtel Limited as group general counsel and company secretary in the past.

Relationship between Directors

Except for Ravi Gauthamram, our Whole-time Director who is the son of Srinivasan Ravi, our Chairman and Managing Director, none of our Directors is related to each other.

Terms of Appointment of our Managing Director and Whole-time Directors

1. **Srinivasan Ravi**

   Srinivasan Ravi has been appointed as our Chairman and Managing Director for a period of five consecutive years commencing from October 1, 2016 to September 30, 2021 pursuant to the meeting of our Board of Directors held on December 15, 2016 and the meeting of our Shareholders held on April

30, 2018. He is entitled to an annual remuneration of ₹ 36.00 million (excluding perquisites) along with commission, the terms of which are set out below:

S. No.	Terms of Remuneration	Details
1.	Basic Salary	₹ 3,000,000 per month
2.	Commission	Not exceeding 7.50% of the profits computed in accordance with the Section 198 of Companies Act 2013 and deducting from there (a) fixed salary indicated above; and (b) value of perquisites indicated below to the extent actually availed by him.
3.	Perquisites	1. Free furnished accommodation; 2. Reimbursement of electricity, fuel charges, water charges and maintenance and up keep expenses; 3. Leave travel allowance for self, spouse and dependent children and parents up to 12.00% of the salary; 4. Reimbursement of medical expenses for self, spouse, dependent children and parents subject to a cap of one month's salary. The group mediclaim policy premium to be borne/reimbursed within these limits; 5. Membership of two clubs – the admission and annual membership fees would be borne by our Company; 6. Commute for both official and personal use. The vehicle running expenses like insurance, fuel, maintenance, driver's salary would be borne/reimbursed by our Company on submission of bills; 7. The Company shall provide a mobile phone and shall also provide telephone, internet connectivity and other communication facilities at his residence. All the expenses incurred therefore shall be paid or reimbursed by our Company, as per the rules of the Company; 8. Company contribution to provident fund not exceeding 12.00% of the salary superannuation fund, annuity fund, if any; 9. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and 10. Encashment of leave at the end of the tenure.

2. **Ravi Gauthamram**

Ravi Gauthamram has been appointed as our Whole-time Director for a period of five consecutive years commencing from October 1, 2016 to September 30, 2021 pursuant to the meeting of our Board of Directors held on August 25, 2016 and the meeting of our Shareholders held on April 30, 2018. He is entitled to an annual remuneration of ₹ 4.20 million (excluding perquisites), the terms of which are set out below:

S. No.	Terms of Remuneration	Details
1.	Basic Salary	Fixed salary of ₹ 350,000 per month in the scale on ₹ 300,000 to ₹ 600,000. The increments within the scale would be decided by the Board.
2.	Commission	Nil

S. No.	Terms of Remuneration	Details
3.	Perquisites	1. Leave travel allowance for self, spouse and dependent children up to 12.00% of the salary; 2. Reimbursement of medical expenses for self, spouse, dependent children subject to a cap of one month's salary. The group mediclaim policy premium to be borne/reimbursed within this limit; 3. The Company shall provide suitable vehicle to the executive director for his official use. The vehicle running expenses like fuel, maintenance, driver's salary would be borne/reimbursed by our Company; 4. The Company shall provide a mobile phone and shall also provide telephone, internet connectivity and other communication facilities at his residence. All the expenses incurred therefore shall be paid or reimbursed by our Company, as per the rules of our Company; and 5. Any other allowances, benefits or perquisites as per the rules of our Company applicable to senior executives and as may be approved by the board from time to time; 6. Company contribution to provident fund not exceeding 12.00% of the salary, superannuation fund, annuity fund, if any; 7. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service; and 8. Encashment of leave at the end of the tenure.

3. Chandramohan Natarajan

Chandramohan Natarajan has been appointed as our Whole-time Director for a period of three years commencing from July 1, 2017 to June 30, 2020 pursuant to the meeting of our Board of Directors held on June 30, 2017 and the meeting of our Shareholders held on April 30, 2018. He is entitled to an annual remuneration of ₹ 4.48 million (excluding perquisites), the terms of which are set out below:

S. No.	Terms of Remuneration	Details
1.	Basic Salary	Fixed salary of ₹ 373,000 per month in the scale on ₹ 350,000 to ₹ 500,000. The increments within the scale would be decided by the board.
2.	Commission	Nil
3.	Perquisites	1. The Company shall provide rent free accommodation to the whole-time director; 2. The Company shall provide suitable vehicle to the whole-time director for his official use. The vehicle running expenses like fuel, maintenance, driver's salary would be borne/reimbursed by our Company; 3. The Company shall provide a mobile phone to the whole-time director and shall also provide telephone, internet connectivity and other communication facilities at his residence. All the expenses incurred therefor shall be paid or reimbursed by our Company, as per the rules of our Company;

S. No.	Terms of Remuneration	Details
		4. The Company shall provide coverage under group mediclaim policy; and 5. Any other allowances, benefits or perquisites as per the rules of our Company applicable to senior executives and as may be approved by the board from time to time.

Contingent and deferred compensation payable to Managing Director and Whole-time Directors

There is no contingent or deferred compensation payable for Fiscal 2017 to Managing Director and Whole-time Directors.

Payment or benefit to Directors of our Company

The remuneration and sitting fees paid or payable to our Directors for Financial Year 2017 are set out below:

1. **Compensation to our Managing Director and Whole-time Directors**

Following is the remuneration paid or payable to our Managing Director and Whole-time Directors for Financial Year 2017:

S. No	Name of Director	Amount (*in ₹ million*)
1.	Srinivasan Ravi	80.90
2.	Ravi Gauthamram	2.35
3.	Chandramohan Natarajan	3.40
	Total	**86.65**

2. **Compensation paid to our Non-Executive Directors**

Pursuant to the resolution passed by our Board of Directors on September 13, 2012, our Non-Executive Directors are entitled to receive a sitting fee of ₹ 20,000 for attending each meeting of our Board or any committee thereof.

Details of the sitting fees paid or payable by our Company to the Non-Executive Directors for Financial Year 2017 are as follows:

S. No	Name of Director	Amount (*in ₹ million*)
1.	Chandrashekar Bhide	0.08
2.	Kallakurichi Kanniah Balu	0.10
3.	Udai Dhawan *	0.04
4.	Govinda Swamy Srinivasan**	0.06
5.	Namit Arora***	0.06
	Total	**0.34**

Note: Sundararaman Kalyanaraman and Vijaya Sampath were appointed as directors in Fiscal 2018 and Fiscal 2019, respectively. Accordingly, no sitting fees was paid to them in Fiscal 2017.
* *Appointed as the nominee director with effect from November 25, 2016.*
** *Resigned as a director with effect from July 31, 2017.*
*** *Resigned as the nominee director with effect from October 27, 2016.*

3. **Commission payable to our Non-Executive Directors**

Pursuant to the resolutions passed by our Board of Directors on March 30, 2018 and by our Shareholders on April 30, 2018, our Non-Executive Directors are entitled to receive commission of ₹ 150,000 per calendar quarter, subject to the overall ceiling of 1.00% p.a. of net profit of the Company during any financial year.

Details of the commission paid or payable by our Company to our Non-Executive Directors for Financial Year 2017 are as follows:

S. No	Name of Director	Amount (*in ₹ million*)
1.	Chandrashekar Bhide	0.60
2.	Kallakurichi Kanniah Balu	0.60
3.	Udai Dhawan*	0.30
4.	Govinda Swamy Srinivasan**	0.60
5.	Namit Arora***	0.30
	Total	**2.40**

Note: Sundararaman Kalyanaraman and Vijaya Sampath were appointed as directors in Fiscal 2018 and Fiscal 2019, respectively. Accordingly, no commission was paid to them in Fiscal 2017.
** Appointed as the nominee director with effect from November 25, 2016.*
*** Resigned as a director with effect from July 31, 2017.*
**** Resigned as the nominee director with effect from October 27, 2016.*

4. Compensation paid or payable from our Subsidiaries

No compensation has been paid or is payable by our Subsidiaries to our Directors in the Financial Year 2017.

5. Loans to our Directors

As on the date of this Draft Red Herring Prospectus, there are no outstanding loans availed of by our Directors from our Company.

As on the date of this Draft Red Herring Prospectus, none of our Directors is related to the beneficiaries of loans, advances and sundry debtors of our Company, Subsidiaries, Join Venture and Group Company.

6. Bonus or profit sharing plan for our Directors

Except as disclosed in "***Management - Terms of Appointment of our Managing Director and Whole-time Directors***" and "***Management - Commission payable to our Non-Executive Directors***" on pages 208 and 211, respectively, our Company does not have a bonus or profit sharing plan for our Directors.

Shareholding of our Directors

1. Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares.

Other than as disclosed under "***Capital Structure – Shareholding of our Directors and Key Managerial Personnel***" on page 93, none of our Directors holds any shares in our Company as on the date of this Draft Red Herring Prospectus.

2. Shareholding of Directors in our Subsidiaries

None of our Directors holds Equity Shares in our Subsidiaries.

Service contracts with Directors

Except for statutory benefits payable upon termination of their employment in our Company or superannuation, our Directors are not entitled to any benefits upon termination of employment or superannuation, pursuant to any service contracts executed with our Company.

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them. For further information, see "***- Payment or benefit to Directors of our Company***" on page 211.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares. For further information regarding the shareholding of our Directors, see "***Capital Structure – Shareholding of our Directors and Key Managerial Personnel***" on page 93.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director, or otherwise for services rendered by him/her or by such firm or company, in connection with the promotion or formation of our Company.

None of our Directors has been declared as Wilful Defaulters.

Interest in land and property

Our Directors are not interested in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus, or presently intended to be acquired by it.

None of our Directors has any interests in any transaction by our Company for acquisition of land, construction of building and supply of machinery.

Interest in promotion of our Company

Except Srinivasan Ravi, our Promoter, Chairman and Managing Director, and Ravi Gauthamram, one of the members of the Promoter Group and Whole-time Director, our Directors have no interest in the promotion of our Company, as on the date of this Draft Red Herring Prospectus. For further information, see "***Promoter, Promoter Group and Group Company"*** on page 222.

For further confirmations with respect to our Directors, see "***Other Regulatory and Statutory Disclosures***" on page 466.

Directorships of Directors in listed companies

Our Directors are not, and for the five years prior to the date of this Draft Red Herring Prospectus, have not been on the board of any listed company whose shares have been/were suspended from being traded on BSE or NSE.

None of our Directors has been or is a director on the board of any listed companies which have been or were delisted from any stock exchange(s).

None of our Directors is associated with the securities market.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Name of Director	Date of Change	Reasons
Chandramohan Natarajan	June 24, 2016	Appointed as Whole-time Director(1)
Namit Arora	October 27, 2016	Resigned as Nominee Director for Standard Chartered Private Equity (Mauritius) II Limited
Udai Dhawan	November 25, 2016	Appointed as Nominee Director for Standard Chartered Private Equity (Mauritius) II Limited
Udai Dhawan	April 28, 2017	Resigned as Nominee Director for Standard Chartered Private Equity (Mauritius) II Limited
Udai Dhawan	April 28, 2017	Appointed as Nominee Director for Marina
Sundararaman Kalyanaraman	June 30, 2017	Appointed as Non-Executive Director (2)
Govinda Swamy Srinivasan	July 31, 2017	Resigned as a director
Vijaya Sampath	April 30, 2018	Appointed as an Independent Director(3)

(1) Regularised as a Whole-time Director director pursuant to a resolution passed by our Shareholders in their meeting held on April 30, 2018

(2) Regularised as non-Executive director pursuant to a resolution passed by our Shareholders in their meeting held on September 20, 2017

(3) Regularised as an Independent Director pursuant to a resolution passed by our Shareholders in their meeting held on April 30, 2018

Appointment of relatives to a place of profit

None of the relatives of our Directors has been appointed to an office or place of profit in our Company.

Borrowing Powers

Pursuant to our Articles of Association, subject to the provisions of the Companies Act 2013 and other applicable laws and pursuant to the resolution passed by the shareholders of our Company on April 30, 2018, our Board has been authorised to borrow, from time to time, any sum or sums of money, as may, in the opinion of the Board, be required to be borrowed by our Company notwithstanding that the monies already borrowed by the Company (apart from temporary loans obtained and/or to be obtained from our Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of our Company and its free reserves, provided that the total monies borrowed by our Company and outstanding at any point of time for the principal amounts of loan borrowed (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business) shall not exceed the sum of ₹ 15,000.00 million.

Corporate Governance

As on the date of this Draft Red Herring Prospectus, there are eight Directors on our Board, comprising one Managing Director, two Whole-time Directors, one Nominee Director and four Independent Directors (including one woman Director). The Chairman of our Board, Srinivasan Ravi, is also our Managing Director. Our Company is in compliance with the corporate governance requirements prescribed under the SEBI Listing Regulations and the Companies Act 2013 in relation to the composition of our Board and constitution of committees thereof.

Board committees

Our Company has constituted the following Board committees in terms of the SEBI Listing Regulations, and the Companies Act 2013:

(a) Audit Committee;

(b) Nomination and Remuneration Committee;

(c) Stakeholders Relationship Committee; and

(d) Corporate Social Responsibility Committee.

Audit Committee

Our Audit Committee was constituted by a resolution of our Board dated May 24, 2018 and is in compliance with Section 177 of the Companies Act 2013 and Regulation 18 of the SEBI Listing Regulations. The Audit Committee currently comprises:

1. Chandrashekar Bhide, Independent Director (*Chairperson)*;

2. Sundararaman Kalyanaraman, Independent Director (*Member*); and

3. Udai Dhawan, Nominee Director (*Member*).

The Company Secretary shall act as the secretary to the Audit Committee.

Scope and terms of reference: The terms of reference of the Audit Committee shall include the following:

The Audit Committee shall have powers, including the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice; and

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors (statutory, internal, cost) of the Company;

3. Reviewing the financial statements of the Company, its Subsidiaries, in particular investments made by the unlisted subsidiaries;

4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    a. matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act 2013;

    b. changes, if any, in accounting policies and practices and reasons for the same;

    c. major accounting entries involving estimates based on the exercise of judgment by management;

    d. significant adjustments made in the financial statements arising out of audit findings;

    e. compliance with listing and other legal requirements relating to financial statements;

    f. disclosure of any related party transactions; and

    g. modified opinion(s) in the draft audit report.

6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

7. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

8. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

9. Approval of related party transactions or any subsequent modification of transactions of the Company with related parties, periodical review of related party transactions in respect of which omnibus approvals have been granted;

10. Scrutiny of inter-corporate loans and investments;

11. Valuation of undertakings or assets of the Company, wherever it is necessary;

12. Evaluation of internal financial controls and risk management systems;

13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the

internal control systems;

14. Reviewing the adequacy of internal audit function, including the structure of the internal audit department (if any) staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

15. Discussion with internal auditors of any significant findings and follow up there on;

16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

19. Reviewing the functioning of the whistle blower mechanism;

20. Overseeing the vigil mechanism established by the Company, with the chairman;

21. Approval of appointment of chief financial officer (i.e. the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and

22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters/letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses;

5. The appointment, removal and terms of remuneration of the internal auditor if any shall be subject to review by the Audit Committee; and

6. Statement of deviations in terms of the SEBI Listing Regulations:

    a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and

    b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was constituted pursuant to a resolution passed by our Board on May 24, 2018. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently comprises:

1. Vijaya Sampath, Independent Director (*Chairperson)*;

2. Chandrashekar Bhide, Independent Director (*Member*); and

3. Sundararaman Kalyanaraman, Independent Director (*Member*).

The Company Secretary shall act as the secretary to the Nomination and Remuneration Committee.

Scope and terms of reference: The terms of reference of the Nomination and Remuneration Committee shall include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.

   The Nomination and Remuneration Committee, while formulating the above policy, should ensure that-

   a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

   b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

2. Formulation of criteria for evaluation of independent directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance (including independent director);

5. Whether to extend or continue of the term of appointment of the independent director, on the basis of the report of performance evaluation of directors;

6. Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

   a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

   b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable

7. Perform such other activities as may be delegated by the Board or specified/provided under the Companies Act 2013 or by the SEBI Listing Regulations or by any other applicable law or regulatory authority.

Stakeholders Relationship Committee

Our Stakeholders Relationship Committee was constituted by a resolution of our Board dated May 24, 2018, in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders Relationship Committee currently comprises:

1. Kallakurichi Kanniah Balu, Independent Director (*Chairperson)*;

2. Vijaya Sampath, Independent Director (*Member*); and

3. Srinivasan Ravi, Chairman and Managing Director (*Member*).

The Company Secretary shall act as the secretary to the Stakeholders Relationship Committee.

Scope and terms of reference: The terms of reference of the Stakeholders Relationship Committee shall include the following:

1. Considering and resolving grievances of shareholders, debenture holders and other security holders;

2. Redressing grievances of the security holders of the Company, including complaints in respect of allotment of Equity Shares, transfer of Equity Shares, non-receipt of declared dividends, annual reports, balance sheets of the Company, etc.;

3. Allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities;

4. overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services;

5. investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

6. issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and

7. carrying out any other functions required to be undertaken by the Stakeholders Relationship Committee under applicable laws.

Corporate Social Responsibility Committee

Our Corporate Social Responsibility Committee was constituted by a resolution of the Board dated December 17, 2014. It was reconstituted by a resolution of the Board dated December 15, 2016 and is in compliance with Section 135 of the Companies Act 2013. The CSR Committee currently comprises:

1. Srinivasan Ravi, Chairman and Managing Director (*Chairperson);*

2. Udai Dhawan, Nominee Director (*Member*); and

3. Chandrashekar Bhide, Independent Director (*Member*).

Scope and terms of reference: the terms of reference of the Corporate Social Responsibility Committee shall include the following:

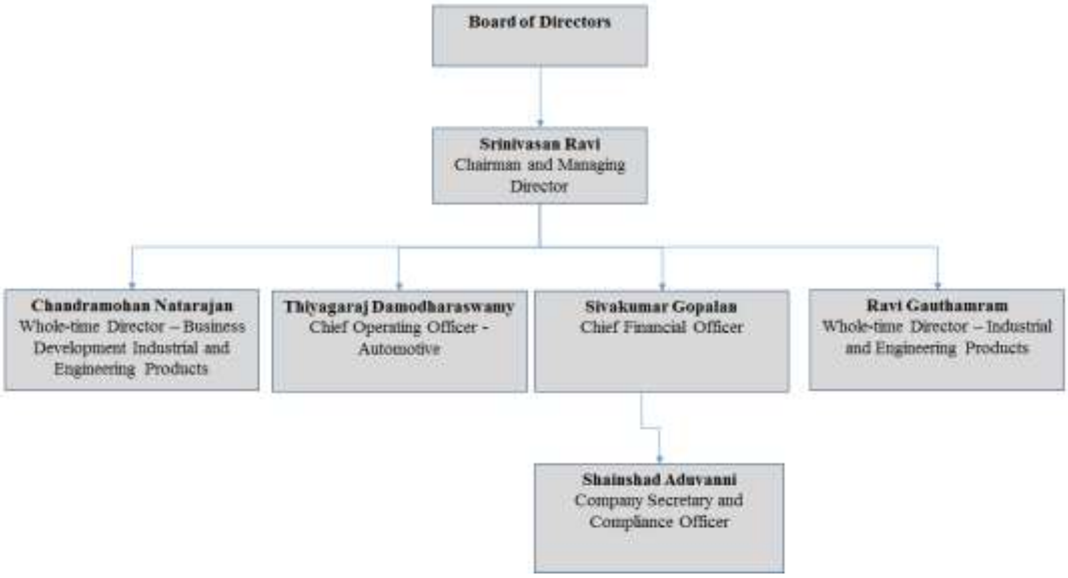
1. To formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;

2. To review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

3. To monitor the corporate social responsibility policy of the Company and its implementation from time to time; and

4. To any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

Management Organisation Chart:



Key Managerial Personnel

Set forth below are the details of our Key Managerial Personnel, in addition to Srinivasan Ravi, our Promoter, Chairman and Managing Director, and Ravi Gauthamram and Chandramohan Natarajan, our Whole-time Directors, as on the date of filing of this Draft Red Herring Prospectus. For further information on our Chairman and Managing Director, Srinivasan Ravi and our Whole-time Directors, Ravi Gauthamram and Chandramohan Natarajan, see "- ***Brief Profiles of our Directors***", *"**- Terms of Appointment of our Managing Director and Whole-time Directors**"* on pages 207 and 208, respectively:

Sivakumar Gopalan, aged 59 years, our Chief Financial Officer, was appointed on March 1, 2016 and his term expires on August 31, 2019. He holds a bachelor's degree in commerce from Madurai Kamaraj University and is also a chartered accountant. He has experience in finance and accounting. Prior to joining our Company, he was associated with Dangote Cement Plc. in Nigeria, ACC Limited, DCW Limited, Carburettors Limited, Duramettalic (India) Limited and Ponni Sugars and Chemicals Limited. During Fiscal 2017, he received a gross remuneration of ₹ 6.69 million.

Shainshad Aduvanni, aged 32 years, our Company Secretary and Compliance Officer, was appointed as our Company Secretary on November 16, 2017 and our Compliance Officer on April 30, 2018. He joined our Company on December 12, 2016 as a deputy company secretary. He holds a bachelor's degree in commerce from University of Madras and is a qualified associate company secretary. He has experience in secretarial and legal affairs. Prior to joining our Company, he was associated with CG-VAK Software & Exports Limited as a company secretary and compliance officer. During Fiscal 2017, he received a gross remuneration of ₹ 0.32 million.

Thiyagaraj Damodharaswamy, aged 45 years, our Chief Operating Officer - Automotive, was appointed on August 1, 2017. He joined our Company on January 1, 2002 as quality system engineer. He holds a diploma in mechanical engineering from PSG College of Technology and Polytechnic where he was awarded the best outgoing student award. He also holds a bachelor's degree in mechanical engineering from Bharathiar University. He has experience in the manufacturing and automotive industries. Prior to joining our Company, he was associated with Rieter-LMW Machinery Limited. During Fiscal 2017, he received a gross remuneration of ₹ 4.08 million.

Status of Key Managerial Personnel

All the Key Managerial Personnel are permanent employees of our Company.

Relationship among Key Managerial Personnel

Except for Ravi Gauthamram who is the son of Srinivasan Ravi, our Promoter and Chairman and Managing Director, none of our Key Managerial Personnel is related to the directors or each another.

Shareholding of Key Managerial Personnel

For further information on shareholding of our Key Managerial Personnel in our Company, see "***Capital Structure – Shareholding of our Directors and Key Managerial Personnel***" on page 93.

Bonus or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan for the Key Managerial Personnel. Our Company makes bonus/ex-gratia payments, which is in accordance with their respective terms of employment.

Service contracts with Key Managerial Personnel

Except for the statutory benefits payable upon termination of their employment in our Company or superannuation, our Key Managerial Personnel are not entitled to any benefit upon termination of employment or superannuation, pursuant to any service contracts executed with our Company.

Interest of Key Managerial Personnel

None of our Key Managerial Personnel has any interest in our Company except to the extent of their remuneration, benefits, reimbursement of expenses incurred by them in the ordinary course of business.

Contingent and deferred compensation payable to Key Managerial Personnel

There is no contingent or deferred compensation payable to our Key Managerial Personnel which does not form part of their remuneration.

Arrangements and understanding with major shareholders, customers, suppliers or others for appointment of Key Managerial Personnel

None of our Key Managerial Personnel has been appointed as a director or member of senior management pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or any other person.

Loans to and deposits from Key Managerial Personnel

There are no outstanding loans availed by our Key Managerial Personnel from our Company.

Changes in Key Managerial Personnel during the last three years

The changes in our Key Managerial Personnel during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Name	Date of change	Reason for change
Sivakumar Gopalan	March 1, 2016	Appointed as the chief financial officer
Shainshad Aduvanni	December 12, 2016	Appointed as the deputy company secretary
Sundaram Rajamanickam	April 29, 2017	Resigned as the company secretary
Shainshad Aduvanni	April 29, 2017	Appointed as the company secretary
Thiyagaraj Damodharaswamy	August 1, 2017	Appointed as the COO-Automotive*
Shainshad Aduvanni	August 12, 2017	Resigned as the company secretary**
Nirogi Venkata Sesha Pavan Kumar	August 12, 2017	Appointed as the company secretary
Nirogi Venkata Sesha Pavan Kumar	November 15, 2017	Resigned as the company secretary
Shainshad Aduvanni	November 16, 2017	Appointed as the company secretary

** Designated as a Key Managerial Personnel with effect from May 24, 2018*
*** Redesignated as a deputy company secretary of our Company.*

Employee stock option and stock purchase schemes

As on date of this Draft Red Herring Prospectus, our Company does not have any employee stock option and stock purchase schemes.

Payment or benefits to officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two years immediately preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

PROMOTER, PROMOTER GROUP AND GROUP COMPANY

The Promoter of our Company is Srinivasan Ravi.

As on the date of this Draft Red Herring Prospectus, our Promoter holds 52.83% the paid-up Equity Share capital of our Company. For further information on the build-up of our Promoter's shareholding in our Company, see "***Capital Structure - History of Build-up, Contribution and Lock-in of Promoter's Shareholding***" on page 87.

I. Details of our Promoter

Srinivasan Ravi

Srinivasan Ravi is our Promoter, Chairman and Managing Director. For further information, see "***Management - Brief Profiles of our Directors***" on page 207.

His driving license number is TN3719810002041 and his voter identification number is TN/20/106/0189594.

Our Company confirms that the permanent account number, bank account number and the passport number of Srinivasan Ravi shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Interests of our Promoter

Interest of our Promoter in the Promotion of our Company

Our Promoter is interested in our Company to the extent that he has promoted our Company and to the extent of his shareholding in our Company and any dividend or other distributions payable, if any, by our Company. For further information on our Promoter's shareholding, see "***Capital Structure - History of Build-up, Contribution and Lock-in of Promoter's Shareholding***" on page 87. Additionally, our Promoter is also interested in our Company as our Chairman and Managing Director and any compensation, other remuneration, commission and reimbursement of expenses payable to him in such capacity. For further information on our Promoter's compensation and other details, see "***Management - Terms of Appointment of our Managing Director and Whole-time Directors***" on page 208.

Interest of Promoter in the Property of our Company

Our Promoter does not have any interest in any property acquired by our Company during the two years immediately preceding the date of filing of this Draft Red Herring Prospectus or any property proposed to be acquired by our Company or in any transaction in the acquisition of land, construction of building or supply of machinery.

Our Promoter is not interested as member of any firm or any company and no sum has been paid or agreed to be paid to our Promoter or to such firm or company in cash or shares or otherwise by any person for services rendered by our Promoter or by such firm or company in connection with the promotion or formation of our Company.

Payment of Benefits and Guarantees

Except as stated otherwise in *"- **Interests of our Promoter**"* and *"**Financial Statements**"* on pages 222 and 229, respectively, no benefit or amount has been given or paid to our Promoter or members of our Promoter Group within the two years immediately preceding the date of filing this Draft Red Herring Prospectus or intended to be paid or given to our Promoter or members of our Promoter Group.

Companies with which our Promoter have disassociated in the last three years

Our Promoter has not disassociated himself from any company during the three years immediately preceding the date of filing this Draft Red Herring Prospectus.

Our Promoter is the original promoter of our Company and there has not been any change in the management or control of our Company.

Common Pursuits of our Promoter

Our Promoter is not involved with any venture which is in the same line of activity or business as us.

Confirmations

Our Promoter is not related to any of the sundry debtors of our Company, except to the extent of his directorship in our Subsidiaries, Joint Venture and Group Company, in relation to any dues from these entities. For further information, see "***Related Party Transactions***" on page 227.

Our Promoter is not related to any beneficiary of loans and advances provided by our Company, except to the extent of his directorship in our Subsidiaries. For further information, see "***Related Party Transactions***" on page 227

There is no litigation or legal action pending or taken by any department of the Central Government or statutory authority during the five years immediately preceding the date of this Draft Red Herring Prospectus against our Promoter.

Our Promoter and members of our Promoter Group have not been declared as Wilful Defaulters.

Our Promoter and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoter and members of the Promoter Group are not and have never been promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

II. Promoter Group

As on the date of this Draft Red Herring Prospectus, the following is the list of persons constituting the promoter group of the Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations:

Individuals forming part of the Promoter Group

Name of Promoter	Name of relative	Relationship
Srinivasan Ravi	Govinda Swamy Srinivasan	Father
	S. Manoranjitham	Mother
	S. Murali	Brother
	Chithra Ravi	Spouse
	Ravi Gauthamram	Son
	R. Mirthula	Daughter

Latha Prabhakar, the sister-in-law of our Promoter, has disassociated with our Promoter with effect from August 23, 2010 and therefore, she and any entities associated with her have not been considered within the definition of "promoter group" under Regulation 2(1)(zb) of the SEBI ICDR Regulations.

Entities forming part of the Promoter Group

1. Ashwinram Spinning Mills Private Limited.

2. Shanmo Engineering Products India Private Limited.

III. Group Company

In terms of the SEBI ICDR Regulations and pursuant to the Materiality Policy, for the purposes of identification of a group company for disclosure in connection with the Offer, our Company has considered:

(i) company which is covered under Ind AS 24 in the Restated Consolidated Financial Information, and such company, which subsequent to the date of the Restated Consolidated Financial Information, would require disclosure in the consolidated financial statements of our Company for subsequent period as entities covered under Ind AS 24; and

(ii) such other company forming part of our Promoter Group, who has entered into one or more transactions, individually or in the aggregate, exceeding 1.00% of the consolidated profit after tax of the Company, as per the Restated Consolidated Financial Information for the latest fiscal, i.e. Fiscal 2017.

On the basis of the Materiality Policy, other than the companies already covered under Ind AS 24 in the Restated Consolidated Financial Information, no company was considered to be material by our Board for the purposes of disclosure in this Draft Red Herring Prospectus. Accordingly, as on date of this Draft Red Herring Prospectus, the following company has been identified as a Group Company, for the purpose of disclosure in connection with the Offer:

1. MC Craftsman Machinery Private Limited.

For avoidance of doubt, it is hereby clarified that our Subsidiaries and Joint Venture have not been considered for the purposes of the disclosure as Group Company in this Draft Red Herring Prospectus.

Details of our Group Company:

MC Craftsman Machinery Private Limited

Corporate Information and nature of business

MC Craftsman Machinery Private Limited is a private limited company and was incorporated on November 6, 2007 under the Companies Act 1956. Its CIN is U29200TZ2007PTC014014. Its registered office is located at Senthel Towers, 4th Floor, 1078, Avinashi Road, Coimbatore 641 018, Tamil Nadu, India. MC Craftsman Machinery Private Limited is involved in the business of selling electric discharge machine and laser cutting machine produced by Mitsubishi Electric Corporation as well as related spare parts.

The authorized share capital of MC Craftsman Machinery Private Limited is ₹ 210,000,000 divided into 2,100,000 equity shares of ₹ 100 each and its paid-up share capital is ₹ 210,000,000 divided into 2,100,000 equity shares of ₹ 100 each. Our Company holds 209,999 equity shares aggregating to 10.00% of the total equity share capital of MC Craftsman Machinery Private Limited.

Interest of our Promoter

Our Promoter is one of the directors on the board of MC Craftsman Machinery Private Limited. Our Promoter holds one equity share of MC Craftsman Machinery Private Limited. Further, Ravi Gauthamram, our Whole-time Director and a member of our Promoter Group, is also one of the directors on the board of MC Craftsman Machinery Private Limited.

Board of Directors

The board of directors of of MC Craftsman Machinery Private Limited is as follows:

S. No.	Name of the director
1.	Srinivasan Ravi
2.	Ananthanarayan Ganesan Iyer
3.	Ravi Gauthamram
4.	Arihiro Nakamura
5.	Shoichi Yoshida

Financial Information

The financial information derived from the audited financial results of MC Craftsman Machinery Private Limited for Financial Years 2017, 2016 and 2015 are set forth below:

(in ₹ million, except otherwise stated)

Particulars	Financial Year 2017	Financial Year 2016	Financial Year 2015
Equity capital	210.00	210.00	210.00
Reserves and surplus (excluding revaluation reserves)	(61.90)	(61.50)	(64.21)
Revenues from operations	513.20	461.76	323.27
Profit/(loss) after tax	(0.40)	2.71	13.62
Basic earnings per share (in ₹)	(0.19)	1.29	6.49
Diluted earnings per share (in ₹)	(0.19)	1.29	6.49
Net asset value per share (in ₹)	70.52	70.71	69.42

Net assets value per share = Net worth/number of shares as at year end

There are no significant notes of the auditors in relation to the aforementioned financial statements.

Details of Group Company with negative net worth

The Group Company does not have negative net worth.

Details of loss-making Group Company

Our Group Company has incurred a loss of ₹0.40 million in Fiscal 2017. For further information, see "***Risk Factors - Our Group Company has incurred losses in Fiscal 2017.***" on page 30.

Details of Group Company under winding up

As on the date of this Draft Red Herring Prospectus, our Group Company is not under winding up. Further, as on the date of this Draft Red Herring Prospectus, no winding up, insolvency resolution process or revocation proceedings or actions have been initiated against our Group Company.

Insolvent/defunct or sick Group Company

As on the date of this Draft Red Herring Prospectus, our Group Company has not been declared insolvent/bankrupt under the Insolvency and Bankruptcy Code, 2016 or defunct under the Companies Act. Our Group Company does not fall under the definition of sick industrial companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985.

No application has been made to the RoC for striking off the name of our Group Company during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Interests of our Group Company

As on the date of this Draft Red Herring Prospectus:

a. Our Group Company does not have any interest in the promotion or formation of our Company**.**

b. Our Group Company does not have any interest in any property acquired by our Company within the two years immediately preceding the date of filing this Draft Red Herring Prospectus or proposed to be acquired by it, or any interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery, etc.

c. Further, except as set forth in "***Financial Statements***" on page 229, our Company does not have any sales or purchase transactions with our Group Company exceeding, in the aggregate, 10% of the total sales or purchases of our Company. For further information on business transactions with our Group Company and their significance on our financial performance, see "***Financial Statements***" on page 229.

Common pursuits of our Group Company

Except as disclosed in "***Business***" and "***Financial Statements***" on pages 173 and 229, respectively, there are no common pursuits or conflict of interest situations amongst our Group Company and our Company.

For further confirmations with respect to our Group Company, see "***Other Regulatory and Statutory Disclosures***" on page 466.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during nine months period ended December 31, 2017 and Fiscals 2017, 2016, 2015 2014 and 2013, in accordance with the requirements under Ind AS 24, see "***Financial Statements – Restated Consolidated Financial Information – Annexure VII – Note no. 36***" on page 309 and "***Financial Statements – Restated Standalone Financial Information – Annexure VII – Note no. 37***" on page 405.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act 2013. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company. We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other restrictive covenants under financing arrangements our Company is currently availing of or may enter into, to finance our funding requirements for our business activities. Our Board may also, from time to time, pay interim dividends from the profits of the financial year in which such interim dividend is sought to be declared.

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend payments, if any, in the future. Our Company currently has no formal dividend policy.

The dividend paid by our Company on the equity shares in the nine months ended December 31, 2017 and each of Financial Years 2017, 2016, 2015, 2014 and 2013, as per our Restated Financial Information is set out below:

Particulars	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Number of equity shares at year/period ended	1,006,080	574,903	574,903	574,903	574,903	574,903
Face value per equity share (in ₹)	100	100	100	100	100	100
Dividend paid (*in ₹ million*)	-	5.75	5.75	5.75	5.75	5.39
Rate of dividend (%)	-	10.00	10.00	10.00	10.00	10.00
Dividend Distribution tax (*in ₹ million*)	-	1.17	1.17	1.15	0.98	0.92
Rate of Dividend Distribution Tax (%)	-	20.36	20.36	20.00	17.00	17.00

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

To,

The Board of Directors of Craftsman Automation Limited
Senthil Towers IV Floor,
1078, Avinashi Road
Coimbatore,
Tamil Nadu – 641018

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Craftsman Automation Limited (the "Company") , its subsidiaries and its joint venture (collectively referred to as "the Group") which comprise the Restated Consolidated Summary Statement of Assets and Liabilities as at 31 December 2017, 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013, the Restated Consolidated Summary Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Summary Statement of Changes in Equity and the Restated Consolidated Summary Statement of Cash Flows for the nine months period ended 31 December 2017 and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 and the summary of significant accounting policies, read together with the annexures and notes forming part of the Restated Consolidated Financial Information explained in paragraph 6 below (collectively referred to as "**Restated Consolidated Financial Information**"), for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer of equity shares of Rs. 5 each (the "IPO"). The Restated Consolidated Financial Information has been approved by the Board of Directors of the Company at their meeting held on May 24, 2018 and is prepared in terms of the requirements of:

    (a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act") read with of Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended by Companies (Prospectus and Allotment of Securities) Amendment Rules, 2018 ("the Rules");

    (b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and

    (c) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI") , as amended from time to time, hereafter referred to as "the Guidance Note".

2. **Management's responsibility for the Restated Consolidated Financial Information**

    The preparation of the Restated Consolidated Financial Information is the responsibility of the management of the Group for the purpose set out in paragraph 11 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Group complies with the Act, Rules and ICDR Regulations.

3. **Auditor's responsibility**

    Our responsibility is to examine the Restated Consolidated Financial Information and confirm whether such Restated Consolidated Financial Information comply with the requirements of the Act, the Rules, ICDR Regulations and the Guidance Note.

We have examined such Restated Consolidated Financial Information taking into consideration:

(a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 19-March-2018 in connection with the proposed issue of equity shares of the Company; and

(b) The Guidance Note.

(c) the requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, and the ICDR Regulations in connection with the IPO.

4. **Restated Consolidated Financial Information as per Audited Consolidated Financial Statements**

The Restated Consolidated Financial Information has been compiled by the management as follows:

(a) As at and for the nine months period ended 31 December 2017 and year ended 31 March 2017:

i) From the audited consolidated financial statements of the Group as at and for the period ended 31 December 2017, prepared in accordance with Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Amendment Rules, 2016 ("Ind-AS Rules") and other relevant provisions of the Act which have been approved by the Board of Directors at their meeting held on 9th March, 2018.

ii) From the audited consolidated financial statements of the Group as at and for the year ended March 31, 2017, prepared in accordance with Ind-AS notified under the Ind-AS Rules, and other relevant provisions of the Act, which had been approved by the Board of Directors at their meeting held on 11 August, 2017.

(b) Proforma Ind-AS restated Consolidated financial information as at and for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013: From the audited consolidated financial statements of the Group as at and for the year ended 31 March 2016, prepared in accordance with Accounting Standards as prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, which had been approved by the Board of Directors on 25 August 2016 and as at and for the year ended 31st March 2015 on 7 September 2015 and as at and for the years ended 31 March 2014 and 31 March 2013 prepared in accordance with the accounting standards referred to in section 211(3C) of Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006, which has been approved by Board of Directors on 17 December 2014 and 12 August 2013 respectively which had been converted into figures as per the Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the year ended 31 March 2017. The Restated consolidated financial information as at and for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 are referred to as "the Proforma Ind AS Restated Consolidated Financial Information"

5. Based on our examination and in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, read with the Rules, the ICDR Regulations, the Guidance Note and terms of our engagement agreed with you, we report that:

a. The Restated Consolidated Summary Statement of Assets and Liabilities of the Group as at 31 December 2017, 31 March 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure I to the Restated Consolidated Financial Information, have been arrived at after making adjustments and regroupings/reclassifications as, in our opinion, were appropriate and have been fully described in the notes appearing in Annexure VI: Summary Statement of adjustments to the Audited Consolidated Financial Statements.

b. The Restated Consolidated Summary Statement of Profit and Loss of the Group for the nine months period ended 31 December 2017 and for each of the years ended 31 March 2017,2016, 2015, 2014, and 2013 examined by us, as set out in Annexure II to the Restated Consolidated Financial Information, have been arrived at after making adjustments and regroupings/reclassifications as, in our opinion, were appropriate and have been fully described in the notes appearing in Annexure VI: Summary Statement of adjustments to the Audited Consolidated Financial Statements.

c. The Restated Consolidated Summary Statement of Cash Flows of the Group for the nine months period ended 31 December 2017 and for each of the years ended 31 March 2017,2016, 2015, 2014, and 2013 examined by us, as set out in Annexure III to the Restated Consolidated Financial Information, have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and have no significant changes between IND AS and previous GAAP as fully described in the notes appearing in Annexure VI: Summary Statement of adjustments to the Audited Consolidated Financial Statements.

d. The Restated Consolidated Summary Statement of Changes in Equity of the Group for nine months period ended 31 December 2017 and for each of the years ended 31 March 2017,2016, 2015, 2014, 2013 examined by us, as set out in Annexure IV to the Restated Consolidated Financial Information, have been arrived at after making adjustments and regroupings/reclassifications as, in our opinion, were appropriate and have been fully described in the notes appearing in Annexure VI: Summary Statement of adjustments to the Audited Consolidated Financial Statements.

e. Based on the above and according to the information and explanations given to us, we further report that the Restated Consolidated Financial Information:

   i. has been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting period/ years;

   ii. has been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

   iii. do not contain any extra-ordinary items that need to be disclosed separately.

   iv. do not contain any exceptional item that need to be disclosed separately;

   v. There are no qualifications in the auditors' reports on the audited consolidated financial statements of the Group as at December 2017 and for each of the years ended 31 March 2017,2016, 2015, 2014, 2013 and for the nine months period ended 31 December 2017 and for each of the years ended 31 March 2017,2016, 2015, 2014, 2013, which require any adjustments to the Restated consolidated Summary Statements;

6. **Other Consolidated Financial Information**

We have also examined the following Other Restated Consolidated Financial Information of the Group as set out in the Annexures prepared by the management and approved by the Board of Directors at their meeting held on May 24, 2018 as at and for the nine months period ended 31 December 2017 and as at and for each of the years ended 31 March 2017, 2016, 2015, 2014 and 2013:

i) Summary statement on significant accounting policies, as enclosed in Annexure V

ii) Summary statement of adjustments to the consolidated audited financial statements as enclosed in annexure VI

iii) Summary statement on property, plant & equipment and intangible assets as enclosed in note 1 and 2 of Annexure VII

iv) Summary statement on non-current investments as enclosed in note 3 of the Annexure VII

v) Summary statement on security deposits as enclosed in note 4 of the Annexure VII

vi) Summary statement on current tax assets as enclosed in note 5 of the Annexure VII

vii) Summary statement on other non-current assets as enclosed in note 6 of the Annexure VII

viii) Summary statement on inventories as enclosed in note 7 of the Annexure VII

ix) Summary statement on trade receivables as enclosed in note 8 of the Annexure VII

x) Summary statement on cash and cash equivalents as enclosed in note 9 of the Annexure VII

xi) Summary statement on security deposit - current as enclosed in note 10 of the Annexure VII

xii) Summary statement on other current assets as enclosed in note 11 of the Annexure VII

xiii) Summary statement on equity share capital as enclosed in note 12 of the Annexure VII

xiv) Summary statement on other equity as enclosed in note 13 of the Annexure VII

xv) Summary statement on long term borrowings as enclosed in note 14 of the Annexure VII

xvi) Summary statement on non-current financial liabilities - others as enclosed in note 15 of the Annexure VII

xvii) Summary statement on long term provisions as enclosed in note 16 of the Annexure VII

xviii) Summary statement on deferred tax liabilities (net) as enclosed in note 17 of the Annexure VII

xix) Summary statement on short term borrowings as enclosed in note 18 of the Annexure VII

xx) Summary statement on trade payables as enclosed in note 19 of the Annexure VII

xxi) Summary statement on other current financial liabilities as enclosed in note 20 of the Annexure VII

xxii) Summary statement on other current liabilities as enclosed in note 21 of the Annexure VII

xxiii) Summary statement on current tax liabilities (net) as enclosed in note 22 of the Annexure VII

xxiv) Summary statement on short term provisions as enclosed in note 23 of the Annexure VII

xxv) Summary statement on revenue from operations as enclosed in note 24 of the Annexure VII

xxvi) Summary statement on other income as enclosed in note 25 of the Annexure VII

xxvii) Summary statement on cost of raw materials and components consumed as enclosed in note 26 of the Annexure VII

xxviii) Summary statement on changes in inventories of finished goods and work in progress as enclosed in note 27 of the Annexure VII

xxix) Summary statement on employee benefits expenses as enclosed in note 28 & 34 of the Annexure VII

xxx) Summary statement on depreciation and amortization expenses as enclosed in note 29 of the Annexure VII

xxxi) Summary statement on other expenses as enclosed in note 30 of the Annexure VII

xxxii) Summary statement on finance cost as enclosed in note 31 of the Annexure VII

xxxiii) Summary statement of income tax as enclosed in note 32 of Annexure VII

xxxiv) Summary statement on earning per share as enclosed in note 33 of the Annexure VII

xxxv) Summary statement on employee benefits as enclosed in note 34 of the Annexure VII

xxxvi) Summary statement on financial instruments as enclosed in note 35 of the Annexure VII

xxxvii) Summary statement of related party transactions as enclosed on note 36 of the Annexure VII

xxxviii) Summary statement of contingent liabilities and capital commitments as enclosed on note 37 of the Annexure VII

xxxix) Summary statement of operating lease arrangements as enclosed on note 38 of the Annexure VII

xl) Restated summary statement of dividend paid of Annexure VIII

xli) Restated summary statement of capitalization of Annexure IX

xlii) Summary statement of Accounting ratios of Annexure X

xliii) Summary statement of tax shelter – Annexure XI

7. **Opinion**

According to the information and explanation given to us, in our opinion, the Restated Consolidated Financial Information of the Group as at and for the nine months ended December 31, 2017 and as at and for the years ended March 31, 2017 including the above mentioned Other Restated Consolidated Financial Information, contained in Annexures I to XI accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Consolidated Financial Information disclosed in Annexure V and Annexure VII, have been prepared after making adjustments and regroupings or reclassifications as considered appropriate as disclosed in Annexure VI and the Proforma Ind-AS Restated Consolidated Financial Information of the Group as at and for the years ended March 31, 2016, 2015, 2014 and 2013 including the above mentioned Other Restated Consolidated Financial Information contained in Annexures I to XI accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Consolidated Financial Information disclosed in Annexure V and Annexure VII, are prepared after making proforma Ind-AS adjustments and regroupings or reclassifications as considered appropriate as disclosed in Annexure VI and have been prepared in accordance with the Act, the Rules, the ICDR Regulations and the Guidance Note.

8. **Other matters**

We did not audit the financial statements of the subsidiaries, whose financial statements whose share of total assets, total revenues and net cash flows, included in the Restated Consolidated Financial Information for each of the financial years/ period is tabulated below:

(Rs. in million)

Particulars	**Nine months Period ended**	**Year ended 31 March**				
	31 December 2017	**2017**	**2016**	**2015**	**2014**	**2013**
Craftsman Automation Singapore Pte Ltd						
Total assets	5.54	3.57	2.77	2.16	10.15	44.34
Revenues	7.65	11.95	13.33	6.33	55.59	68.60

Net cash inflows/ (outflows)	(0.29)	(0.34)	(0.37)	(3.71)	(4.89)	(10.63)
Craftsman Marine BV, Netherlands						
Total assets	144.76	190.85	206.52	209.44	314.33	308.11
Revenues	89.50	199.62	278.12	223.56	225.00	176.43
Net cash inflows/ (outflows)	1.06	12.25	(0.67)	2.85	(10.29)	14.68

These financial statements have been audited by other auditors, whose audit reports have been furnished to us and our opinion in so far as it relates to the amounts included in these Restated Consolidated Financial Information is based solely on the audit report of the other auditors.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the management and for inclusion in the offer document to be filed with the Securities and Exchange Board of India, stock exchanges where the equity shares are proposed to be listed and the relevant Registrar of Companies in India in connection with the proposed Initial Public Offering of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
ICAI Firm Registration No.: **003990S/S200018**

S Narasimhan
Partner
Membership No.: 206047

Place : Coimbatore
Date: 24-May-2018

Craftsman Automation Limited
CIN - U28991TZ1986PLC001816
Annexure I: Restated consolidated summary statement of assets and liabilities

(Rupees in Millions)

Particulars	Note No. of Annexure VII	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016 (Proforma)	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)	As at March 31, 2013 (Proforma)
ASSETS							
Non-current assets							
Property, Plant and Equipment	1	12,098.02	12,160.37	9,852.02	9,292.36	8,582.52	7,908.47
Capital Work in progress	1	132.69	111.55	400.32	542.38	126.59	115.54
Other Intangible assets	2	118.07	116.31	60.77	52.84	62.20	27.30
Financial assets							
Investment accounted for using equity method	3	13.42	11.43	9.20	8.62	8.40	7.87
Other investments	3	26.40	14.86	14.88	14.61	13.40	13.33
Security Deposits	4	68.44	45.39	45.19	43.74	47.97	43.74
Current tax assets (Net)	5	79.50	42.25	14.11	-	14.26	15.90
Other non-current assets	6	292.36	192.19	161.74	270.74	336.05	106.80
		12,828.90	12,694.35	10,558.23	10,225.29	9,191.39	8,238.95
Current assets							
Inventories	7	2,857.25	2,259.97	1,819.39	1,478.98	1,267.55	1,192.47
Financial assets							
Trade receivables	8	1,901.95	1,741.11	1,348.10	1,254.35	1,318.31	951.01
Cash and cash equivalents	9	546.04	397.44	165.10	166.90	70.01	117.20
Security Deposits	10	101.56	92.48	73.08	61.19	128.38	134.53
Other Current assets	11	694.27	961.59	736.62	586.94	601.31	498.35
		6,101.07	5,452.59	4,142.29	3,548.36	3,385.56	2,893.56
Total Assets		**18,929.97**	**18,146.94**	**14,700.52**	**13,773.65**	**12,576.95**	**11,132.51**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share capital	12	100.61	57.49	57.49	57.49	57.49	57.49
Other Equity	13	5,775.73	5,709.84	5,281.53	4,865.41	4,524.67	4,305.79
		5,876.34	5,767.33	5,339.02	4,922.90	4,582.16	4,363.28

Craftsman Automation Limited
CIN - U28991TZ1986PLC001816
Annexure I: Restated consolidated summary statement of assets and liabilities

(Rupees in Millions)

Particulars	Note No. of Annexure VII	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016 (Proforma)	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)	As at March 31, 2013 (Proforma)
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	14	4,452.65	4,341.08	3,159.06	3,039.16	2,766.10	2,631.77
Other Non-Current Financial Liabilities	15	14.45	10.21	27.92	61.06	64.26	74.60
Provisions	16	-	1.99	1.78	1.90	1.54	1.45
Deferred tax liabilities (Net)	17	225.69	283.81	464.42	474.17	485.91	409.55
		4,692.79	4,637.09	3,653.18	3,576.29	3,317.81	3,117.37
Current liabilities							
Financial Liabilities							
Borrowings	18	2,627.70	2,235.42	2,054.82	1,586.38	1,668.98	1,625.68
Trade payables	19	3,448.91	2,978.24	2,027.85	1,755.33	1,412.95	906.11
Other current Financial Liabilities	20	1,960.19	2,111.10	1,373.79	1,334.51	1,263.87	824.28
Other current liabilities	21	279.64	400.66	233.77	551.38	316.58	281.23
Current tax labilities (Net)	22	-	-	-	13.54	-	-
Provisions	23	44.40	17.10	18.09	33.32	14.60	14.56
		8,360.84	7,742.52	5,708.32	5,274.46	4,676.98	3,651.86
Total Equity and Liabilities		**18,929.97**	**18,146.94**	**14,700.52**	**13,773.65**	**12,576.95**	**11,132.51**

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated summary statement of assets and liabilities referred to in our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-2018

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

Craftsman Automation Limited
CIN - U28991TZ1986PLC001816
Annexure II: Restated consolidated summary statement of profit and loss

(Rupees in Millions except EPS)

Particulars	**Note No. of Annexure VII**	**Period ended**	**Year ended**				
		Dec 31 2017	**Mar 31, 2017**	**March 31, 2016 (Profoma)**	**March 31, 2015 (Profoma)**	**March 31, 2014 (Profoma)**	**March 31, 2013 (Profoma)**
INCOME							
Revenue From Operations	24	10,810.10	12,101.28	9,848.88	8,688.17	6,937.40	6,745.01
Other Income	25	58.58	111.82	117.75	(8.13)	70.44	(43.17)
Total Income		**10,868.68**	**12,213.10**	**9,966.63**	**8,680.04**	**7,007.84**	**6,701.84**
EXPENSES							
Cost of materials consumed	26	4,192.75	4,062.56	2,983.82	2,075.76	1,538.28	1,357.45
Changes in inventories of finished goods and work-in-progress	27	(166.50)	(219.22)	(164.27)	16.11	(42.98)	(35.16)
Excise duty on sale of goods		324.44	1,082.54	898.00	687.10	777.50	708.79
Employee benefits expense	28	1,479.77	1,479.44	1,228.47	1,059.44	826.81	824.22
Depreciation and amortization expense	29	1,002.62	1,139.55	1,019.84	951.09	810.40	683.46
Other expenses	30	3,095.31	3,418.99	2,649.20	2,933.41	2,173.19	2,138.60
Finance costs	31	770.94	896.58	798.07	643.69	504.91	485.82
Total expenses		**10,699.33**	**11,860.44**	**9,413.13**	**8,366.60**	**6,588.11**	**6,163.18**
Profit before share of profit from joint venture & tax		**169.35**	**352.66**	**553.50**	**313.44**	**419.73**	**538.66**
Share of profit from Joint Venture		1.99	2.24	0.58	0.22	0.52	0.42
Profit before tax		**171.34**	**354.90**	**554.08**	**313.66**	**420.25**	**539.08**
Tax expense:							
(1) Current tax		52.94	96.24	120.41	107.86	110.95	119.70
Less:MAT Credit Entitlement	32	52.94	96.04	83.43	107.86	74.77	58.12
Net Current Tax		-	0.20	36.98	-	36.18	61.58
(2) Deferred tax		20.03	(71.17)	71.07	105.64	150.25	94.71
Total tax		**20.03**	**(70.97)**	**108.05**	**105.64**	**186.43**	**156.29**
Profit for the year		**151.31**	**425.87**	**446.03**	**208.02**	**233.82**	**382.79**
Other Comprehensive Income							
A (i) Items that will not be reclassified to profit or loss							
- Remeasurement of defined benefit plans		(15.01)	(6.67)	8.15	(11.93)	2.68	2.32
- Equity Instruments through OCI		0.03	(0.02)	0.27	1.22	0.05	(3.70)
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.19	2.31	(2.82)	4.05	(0.87)	(0.75)

(Rupees in Millions except EPS)

Particulars	Note No. of Annexure VII	Period ended	Year ended				
		Dec 31 2017	Mar 31, 2017	March 31, 2016 (Profoma)	March 31, 2015 (Profoma)	March 31, 2014 (Profoma)	March 31, 2013 (Profoma)
B (i) Items that will be reclassified to profit or loss							
- Exchange differences in translating the financial statements of foreign operations		12.23	34.69	(28.16)	21.78	(10.47)	(5.05)
- The effective portion of gains and loss on hedging instruments in a cash flow hedge		(57.82)	(32.01)	(0.63)	(16.10)	-	-
- Surplus on revaluation of Land		-	-	-	134.91	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		20.01	11.08	0.22	5.47	-	-
Other Comprehensive Income for the year, net of tax		**(35.37)**	**9.38**	**(22.97)**	**139.40**	**(8.61)**	**(7.18)**
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**115.94**	**435.25**	**423.06**	**347.42**	**225.21**	**375.61**
Earnings per equity share							
(1) Basic } Rs	33	150.40	423.30	443.33	206.76	232.41	405.65
(2) Diluted		150.40	423.30	443.33	206.76	232.41	405.65

The accompanying notes form an integral part of the restated consolidated financial information

This is the restated consolidated summary statement of profit and loss referred to in our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date :24-May-2018

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

Craftsman Automation Limited
CIN - U28991TZ1986PTC001816
Annexure III: Restated consolidated summary statement of cash flows

(Rupees in Millions)

Particulars	**Period ended**	**Year ended**				
	December 31, 2017	**March 31, 2017**	**March 31, 2016 (Proforma)**	**March 31, 2015 (Proforma)**	**March 31, 2014 (Proforma)**	**March 31, 2013 (Proforma)**
Profit before taxation	171.34	354.90	554.08	313.66	420.25	539.08
Adjustments for:						
Depreciation	1,002.62	1,139.55	1,019.84	951.09	810.40	683.46
Gain on sale of assets	0.04	(4.00)	(1.26)	21.54	(0.32)	(0.80)
Exchange difference on transaction/translation (loss/(gain))	(34.37)	45.80	20.03	105.65	(98.73)	(42.07)
MTM Gain / (Loss) - Derivative -(Net)	(20.23)	(79.03)	(31.71)	18.20	33.10	73.83
Share of Profit of Joint Venture	(1.99)	(2.24)	(0.58)	(0.22)	(0.52)	(0.42)
Interest received	(7.09)	(14.71)	(8.62)	(5.47)	(6.08)	(8.70)
Interest expense	779.54	895.02	713.33	601.41	523.83	510.42
Operating cash flow before changes in working capital	**1,889.86**	**2,335.29**	**2,265.11**	**2,005.86**	**1,681.93**	**1,754.80**
Adjustments for changes in :						
Trade and other receivables	121.76	(647.61)	(303.88)	(9.87)	(379.77)	57.78
Inventories	(597.28)	(440.58)	(340.41)	(211.43)	(75.08)	(59.15)
Trade payables and other payables	408.14	1,238.86	(48.86)	542.98	645.95	(800.35)
Cash generated from operations	**1,822.48**	**2,485.96**	**1,571.96**	**2,327.54**	**1,873.03**	**953.08**
Income taxes paid	(115.40)	(137.78)	(145.45)	(89.58)	(108.43)	(145.25)
Net cash from operating activities - A	**1,707.08**	**2,348.18**	**1,426.51**	**2,237.96**	**1,764.60**	**807.83**
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,415.28)	(2,752.29)	(1,374.47)	(1,815.06)	(1,633.24)	(1,363.24)
Purchase of Intangible	(38.42)	(88.58)	(27.10)	(8.13)	(48.42)	(19.47)
Proceeds from sale of assets	2.82	10.99	5.42	19.52	(2.13)	(39.83)
Purchase of Shares	(11.51)	-	-	-	-	-
Interest received	7.09	14.71	8.62	5.47	6.08	8.70
Net cash used in investing activities - B	**(1,455.30)**	**(2,815.17)**	**(1,387.53)**	**(1,798.20)**	**(1,677.71)**	**(1,413.84)**
Cash flows from financing activities						
Proceeds from Issue of Shares (incl of Premium)	-	-	-	-	-	989.64
Proceeds from long-term borrowings	1,253.47	2,427.45	1,119.23	1,211.23	918.28	264.58
Repayment of long term borrowings	(959.74)	(1,005.33)	(910.60)	(874.61)	(571.44)	(497.74)
Proceeds from short-term borrowings	392.28	180.60	468.44	(82.60)	43.30	265.00
Interest paid	(782.26)	(896.45)	(710.91)	(590.21)	(517.89)	(487.78)
Dividends paid	(6.93)	(6.94)	(6.94)	(6.68)	(6.33)	(5.50)
Net cash used in financing activities- C	**(103.18)**	**699.33**	**(40.78)**	**(342.87)**	**(134.08)**	**528.20**

(Rupees in Millions)

Particulars	Period ended	Year ended				
	December 31, 2017	March 31, 2017	March 31, 2016 (Proforma)	March 31, 2015 (Proforma)	March 31, 2014 (Proforma)	March 31, 2013 (Proforma)
Net increase in cash and cash equivalents - (A+B+C)	**148.60**	**232.34**	**(1.80)**	**96.89**	**(47.19)**	**(77.81)**
Cash and cash equivalents at beginning of year	397.44	165.10	166.90	70.01	117.20	195.01
Cash and cash equivalents at end of year	546.04	397.44	165.10	166.90	70.01	117.20
Cash & cash equivalents consists of:						
Cash in hand	1.46	1.40	1.49	2.50	1.82	6.21
Balances with banks						
(i) in current accounts	389.41	238.91	81.28	58.07	34.82	53.24
(ii) in deposit accounts	155.17	157.13	82.33	106.33	33.37	57.75
	546.04	397.44	165.10	166.90	70.01	117.20

The accompanying notes form an integral part of the restated consolidated financial information

This is the restated consolidated summary statement of cash flows referred to in our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-2018

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

Annexure IV: Restated consolidated summary statement of changes in equity

a. Equity Share Capital (Shares of face value Rs.100 each)

	Note No of Annexure VII	Equity Shares (Nos.)	Amount (Rs. Millions)
Balance as at April 01,2012		**471,263**	**47.13**
Changes in equity share capital during the year		**103,640**	**10.36**
Balance as at March 31,2013		**574,903**	**57.49**
Changes in equity share capital during the year		**-**	**-**
Balance as at March 31,2014		**574,903**	**57.49**
Changes in equity share capital during the year		**-**	**-**
Balance as at March 31,2015	**12**	**574,903**	**57.49**
Changes in equity share capital during the year		**-**	**-**
Balance as at March 31,2016		**574,903**	**57.49**
Changes in equity share capital during the year		**-**	**-**
Balance as at March 31,2017		**574,903**	**57.49**
Changes in equity share capital during the period		**431,177**	**43.12**
Balance as at December 31,2017		**1,006,080**	**100.61**

b. Other Equity **(Rupees in Millions)**

Particulars	Reserves and Surplus			Other Comprehensive Income					Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Share in the networth of Joint Venture	Equity Instruments through Other Comprehensive Income	Revaluation reserve	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Balance at the beginning of April 1, 2012	**443.37**	**796.88**	**1,717.65**	**1.45**	**(4.06)**	**-**	**-**	**1.11**	**2,956.40**
Profit for the year	-	-	382.37	0.42	-	-	-	-	382.8
Other Comprehensive Income	-	-	-	-	(3.70)	-	-	-	(3.7)
- Defined Benefit Plan	-	-	1.57	-	-	-	-	-	1.6
- Foreign Currency Translation Reserve	-	-	-	-	-	-	-	(5.05)	(5.1)
Total Comprehensive Income for the year	-	-	383.94	0.42	(3.70)	-	-	(5.05)	375.6
Dividends	-	-	(5.50)	-	-	-	-	-	(5.5)
Premium on issue of shares	979.28	-	-	-	-	-	-	-	979.3
Transfer from retained earnings	-	42.22	(42.22)	-	-	-	-	-	-
Balance as at March 31,2013	**1,422.65**	**839.10**	**2,053.87**	**1.87**	**(7.76)**	**-**	**-**	**(3.94)**	**4,305.79**
Profit for the year	-	-	233.30	0.52	-	-	-	-	233.82
Other Comprehensive Income	-	-	-	-	0.05	-	-	-	0.05
- Defined Benefit Plan	-	-	1.81	-	-	-	-	-	1.81
- Foreign Currency Translation Reserve	-	-	-	-	-	-	-	(10.47)	(10.47)
Total Comprehensive Income for the year	-	-	235.11	0.52	0.05	-	-	(10.47)	225.21
Dividends	-	-	(6.33)	-	-	-	-	-	(6.33)
Transfer from retained earnings	-	42.52	(42.52)	-	-	-	-	-	-
Balance as at March 31,2014	**1,422.65**	**881.62**	**2,240.13**	**2.39**	**(7.71)**	**-**	**-**	**(14.41)**	**4,524.67**
Profit for the year	-	-	207.80	0.22	-	-	-	-	208.02
Other Comprehensive Income	-	-	-	-	1.22	134.91	(10.63)	-	125.50
- Defined Benefit Plan	-	-	(7.88)	-	-	-	-	-	(7.88)
- Foreign Currency Translation Reserve	-	-	-	-	-	-	-	21.78	21.78

b. Other Equity (Rupees in Millions)

Particulars	Reserves and Surplus			Other Comprehensive Income					Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Share in the networth of Joint Venture	Equity Instruments through Other Comprehensive Income	Revaluation reserve	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Total Comprehensive Income for the year	-	-	199.92	0.22	1.22	134.91	(10.63)	21.78	347.42
Dividends	-	-	(6.68)	-	-	-	-	-	(6.68)
Transfer from retained earnings	-	52.52	(52.52)	-	-	-	-	-	-
Balance as at March 31,2015	**1,422.65**	**934.14**	**2,380.85**	**2.61**	**(6.49)**	**134.91**	**(10.63)**	**7.37**	**4,865.41**
Profit for the year	-	-	445.45	0.58	-	-	-	-	446.03
Other Comprehensive Income	-	-	-	-	0.27	-	(0.41)	-	(0.14)
- Defined Benefit Plan	-	-	5.33	-	-	-	-	-	5.33
- Foreign Currency Translation Reserve	-	-	-	-	-	-	-	(28.16)	(28.16)
Total Comprehensive Income for the year	-	-	450.78	0.58	0.27	-	(0.41)	(28.16)	423.06
Dividends	-	-	(6.94)	-	-	-	-	-	(6.94)
Transfer from retained earnings	-	32.07	(32.07)	-	-	-	-	-	-
Balance as at March 31,2016	**1,422.65**	**966.21**	**2,792.62**	**3.19**	**(6.22)**	**134.91**	**(11.04)**	**(20.79)**	**5,281.53**
Profit for the year	-	-	423.63	2.24	-	-	-	-	425.87
Other Comprehensive Income	-	-	-	-	(0.02)	-	(20.93)	-	(20.95)
- Defined Benefit Plan	-	-	(4.36)	-	-	-	-	-	(4.36)
- Foreign Currency Translation Reserve	-	-	-	-	-	-	-	34.69	34.69
Total Comprehensive Income for the year	-	-	419.27	2.24	(0.02)	-	(20.93)	34.69	435.25
Dividends	-	-	(6.94)	-	-	-	-	-	(6.94)
Balance as at March 31,2017	**1,422.65**	**966.21**	**3,204.95**	**5.43**	**(6.24)**	**134.91**	**(31.97)**	**13.90**	**5,709.84**
Profit for the nine months period	-	-	149.32	1.99	-	-	-	-	151.31
Bonus Shares Issued	(43.12)	-	-	-	-	-	-	-	(43.12)
Other Comprehensive Income	-	-	-	-	0.03	-	(37.81)	-	(37.78)
- Defined Benefit Plan	-	-	(9.82)	-	-	-	-	-	(9.82)
- Foreign Currency Translation Reserve	-	-	-	-	-	-	-	12.23	12.23
Total Comprehensive Income for the period	(43.12)	-	139.50	1.99	0.03	-	(37.81)	12.23	72.82
Dividends	-	-	(6.93)	-	-	-	-	-	(6.93)
Balance as at December 31,2017	**1,379.53**	**966.21**	**3,337.52**	**7.42**	**(6.21)**	**134.91**	**(69.78)**	**26.13**	**5,775.73**

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated summary statement of changes in equity referred to in our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-2018

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

Annexure V: Summary of significant accounting policies

A CORPORATE INFORMATION

The Restated Consolidated Financial Statements comprise the Financial Statements of Craftsman Automation Limited (the Company), its subsidiaries and its joint venture (collectively "the Group") for the period / year(s) ended 31st December 2017, 31st March 2017, 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013. The Company was incorporated on 18th July 1986 as a private limited company. The company was converted into public limited company with effect from 4th May 2018. The company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries.

B BASIS OF PREPARATION

B.1 Statement of Compliance:

The Restated Consolidated Financial Information relates to the Company and have been specifically prepared for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering ('IPO') of equity shares of the Company (referred to as the "Issue"). The Restated Consolidated Financial Information comprise the restated consolidated summary statement of assets and liabilities as at 31 December 2017, 31 March 2017, 2016, 2015, 2014 and 2013, the restated consolidated summary statement of profit and loss, the restated consolidated summary statement of cash flows and restated consolidated summary statement of changes in equity for the period ended 31 December 2017 and years ended 31 March 2017, 2016, 2015, 2014 and 2013 and Annexures VI to XI (hereinafter collectively referred to as "the Restated Consolidated Financial Information")

The Restated Consolidated Financial Information has been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended by Companies (Prospectus and Allotment of Securities) Amendment Rules, 2018("the Rules") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

These Restated Consolidated Financial Information were approved by the Board of Directors of the Company in their meeting held on 24 May 2018

The Restated Consolidated Financial Information of the Company has been complied by the management as follows:

a. As at and for the period/year ended 31 December 2017 and 31 March 2017:
    - ≠ From the audited consolidated financial statements of the Group as at and for the period / year ended 31 December 2017 and 31 March 2017, prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Act, which have been approved by the Board of Directors on 9 March 2018 and 11 August 2017 respectively.

b. As at and for the year ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013:

- From the audited consolidated financial statements of the Group as at and for the years ended 31 March 2016 and 31 March 2015, prepared in accordance with Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, which has been approved by the Board of Directors on 25th August 2016 and 07th September 2015 respectively and as at and for the years ended 31st March 2014 and 31st March 2013, prepared in accordance with the accounting standards referred to in Section 211(3C) of Companies Act 1956 read with Companies (Accounting Standards) Rules, 2006 , which has been approved by the Board of Directors on 17th December 2014 and on 12th August 2013 respectively and which has been restated into figures as per the Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the year ended 31 March 2017. The Restated Consolidated Financial Information as at and for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 are referred to as "the Proforma Ind AS Restated Consolidated Financial Information"

For the preparation of proforma Ind AS financial statements as at and for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013, based on the SEBI circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated 31 March 2016, following changes in accounting policies/ restatements were made:

i. Ind AS transition adjustments and accounting policy choices as initially adopted on 1 April 2015 were effected from 1 April 2012 for the preparation of Proforma Ind AS financials;

ii. Opening balance sheet was restated to recognise all assets and liabilities whose recognition is required by Ind AS;

iii. All mandatory exceptions and optional exemptions available under Ind AS 101 were analysed on case to case basis for the first-time adoption and restatement adjustments were made accordingly;

iv. In accordance with Ind AS 101, Company has elected to measure its property, plant and equipment by retrospective application of Ind AS 16 – Property, plant and equipment, except for freehold land which has been measured at it's fair value as at 1 April 2012 and use such fair value as the deemed cost of such freehold land. Accordingly, the same accounting policy choice has been followed as at 1 April 2012 for the purpose of measuring property, plant and equipment;

The Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI Regulations:

(a) Adjustments for audit qualification requiring corrective adjustment in the financial statements, if any;

(b) Adjustments for the material amounts in previous years identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred, if any;

(c) Adjustments to the profits or losses of the earlier years and of the year in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years, if any;

(d) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial statements of the Company for the year ended 31 March 2017 and the requirements of the SEBI Regulations, if any; and

(e) The resultant impact of tax due to the aforesaid adjustments, if any

All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria as set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained their operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

Significant accounting policies – The accounting policies set out below have been applied consistently to the periods presented in the restated consolidated financial statements.

B.2 Functional currency & presentation currency:

The items included in Consolidated Financial Statements of each of the Group entities are measured using the currency of the primary economic environment (functional currency) in which each of the Group's entity operates. The consolidated financial statements are presented in Indian Rupees (INR) which is the functional and presentation currency of the Company and all values are rounded to the millions with two decimals, except where otherwise indicated. In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation.

B.3 Measurement of fair values:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

i) Land classified under property, plant and equipment
ii) Derivative financial instruments
iii) Certain financial assets and liability measured at fair value (refer note. 35 to Annexure VII)
iv) Employee benefits.

The Consolidated Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Group has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

Recent Accounting Developments:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. As the amendment is applicable only for reporting for annual periods beginning on or after April 1, 2017, relevant disclosure in this regard has not been provided.

Amendment to Ind AS 102:

As the Company does not have any employee stock option plans, this would not be applicable to the Company.

Changes in Accounting Standards that may affect the Company after 31st March 2018:

Ind AS 115 – Revenue from Contracts with Customers:

This standard combines, enhances and replaces specific guidance on recognising revenue with a single standard. It defines a new five-step model to recognise revenue from customer contracts.

The company is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position of the Company.

This standard is mandatory for accounting periods beginning on or after 1st April 2018.

Improvements and other amendments to Accounting Standards applicable after 31st March 2018

A number of standards have 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 are expected to have any material effect on the company's financial statements.

Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopter's certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application:

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure all its property, plant and equipment (except land) and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS. In case of land, the company has revalued the same on the transition date and considered it as deemed cost as per Para D5 of Ind AS 101

Mandatory Exceptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101

i) Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS

Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

i. **Useful life of Property, Plant and Equipment and Intangibles**
The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the Group.

ii. **Tools in use**
The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

iii. **Income Taxes**
The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.

iv. **Fair Value**
Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the income statements. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

v. **Measurement of defined benefit obligations**
Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

vi. **Measurement and likelihood of occurrence of provisions and contingencies**
The provision for warranty and rejection has been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

vii. **Recognition of deferred tax asset**
The Group estimates the possible utilization of unabsorbed losses while recognizing deferred tax asset considering the future business plans and economic environment.

B.4 Principles of Consolidation

The Consolidated Financial Statements relate to Craftsman Automation Limited, its subsidiaries, joint venture and associates. Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity.
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits, unrealised losses from intra-group transactions are eliminated unless cost cannot be recovered.

- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.
- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition.
- The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate Financial Statements.

B.5 Property Plant and Equipment

Property, plant and equipment (PPE) is recognized when the cost of an asset can be reliably measured and it is probable that the entity will obtain future economic benefits from the asset.

PPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable purchase taxes). Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria.

On the date of transition to Ind AS, barring Land which has been valued at Fair Value and all the other items of PPE have been valued as per their 'deemed cost' in accordance with Ind AS 101.

Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

Foreign exchange gain /loss arising on unhedged foreign currency denominated borrowings taken to acquire PPE are recorded in the cost of asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7A and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	**Useful life and basis of depreciation**
New Plant and Machinery	20 Years
Used Plant and Machinery	10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of profit or loss

B.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that is acquired separately and where the useful life is 2years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	**Useful life and basis of amortization**
Software – Acquired	5 Years

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it, · the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and

· the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Description of the asset	**Useful life and basis of amortization**
Development Expenditure	3 years

De-recognition

An intangible asset 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, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit or loss when the asset is derecognised.

B.7 Impairment of assets

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the 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.

B.8 LEASES

As lessee

Leases entered into by the Group have been classified as operating leases as significant portion of risks and rewards of ownership are not transferred to it. Payments made are charged to Statement of profit or loss on a straight line basis over the term of the lease.

As lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

B.9 Financial Instruments

Financial assets and financial liabilities are recognised when the Group 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 profit or loss.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii) Financial assets (i.e. derivative instruments and investments in instruments) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

De-recognition of financial assets:

The Group 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.
Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 35 in Annexure VII

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 35 in Annexure VII sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

B.10 Inventories

The Group determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Group uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realizable Value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at lowest of net realized values in the last two months.

ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the group depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

B.11 Provisions

The Group recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

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

Provision for Warranty

Provisions for expected cost of warranty obligations are recognized based on Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions represent the value of management's best estimate of possible rejections within the next one quarter.

B.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Goods

Revenue from the sale of goods is recognised when the goods are despatched or appropriated in accordance with the terms of sale at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Revenue is inclusive of excise duty until June 30, 2017 and is reduced for customer returns, commissions, rebates and discounts, and other similar allowances. Goods and Services Tax, which is effective from July 1, 2017, is collected on behalf of third party and no economic benefits flow to the entity, hence GST is not included as part of revenue.

Rendering of Services

Revenue from services is recognised when the services are rendered in accordance with the specific terms of contract and when collectability of the resulting receivable is reasonably assured.

Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Group and are recognised when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

B.13 Borrowing Cost

Since the Group does not have any qualifying assets, capitalisation of borrowing cost is not applicable to the Group. All borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

B.14 Government Grant

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

B.15 Employee Benefits

Defined contribution plans

Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

Defined benefit plans

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The income statement reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Re-measurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Group can no longer withdraw the offer of termination benefit or when the Group recognises any related restructuring costs.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at year end are fully provided.

B.16 Foreign Currency Transactions:

The Group's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity'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 retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.9 for hedging accounting policies).

B.17 Foreign Operations

In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the INR are translated into INR upon consolidation. While the functional currency of Craftsman Marine BV has remained unchanged during the reporting and comparative period, there was a change in the functional currency of Craftsman Automation Singapore Pte Limited from Japanese Yen (JPY) to Singapore Dollar (S$) during the year 2016-17.

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

B.18 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act of the respective jurisdiction including other applicable tax laws that have been enacted or substantively enacted

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefit, in the form of adjustment to future tax liability, is considered as an asset in the Balance Sheet. The carrying amount of MAT is reviewed at each reporting date and the asset would be written down to the extent the Group's right of adjustment would lapse.

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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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 asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

B.19 Segment reporting

The Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The company's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

- Automotive - Powertrain & Others : This segment develops, manufactures, sells its goods and services of powertrain & other products to manufacturers of commercial vehicles, farm equipment, construction / mining equipment and passenger vehicles.
- Automotive - Aluminium Products : This segment manufactures and sells its goods and services of aluminium automotive products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles.
- Industrial & Engineering : This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, railway products, storage products, special purpose machines and other general engineering products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the company.

Annexure VI : Summary statement of adjustments to consolidated audited financial statements

1. Reconciliation of Profit / Total Comprehensive Income as per audited financial statements with Total Comprehensive Income as per Restated Financial Information

(Rupees in Millions)

Particulars	Note No	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Prepared as per		**Ind-AS**	**Ind-AS**	**Previous GAAP**	**Previous GAAP**	**Previous GAAP**	**Previous GAAP**
Net Profit/ (loss) after tax as per Audited Statement of Profit & Loss (including other comprehensive income)		173.75	806.80	337.76	451.24	393.95	401.10
Material adjustment on account of restatement							
(i) Audit qualifications : none		-	-	-	-	-	-
(ii) Changes in accounting policies							
Tools valuation	G	-	-	(7.02)	(119.25)	(43.01)	(35.22)
Unbilled Revenue	A	-	-	(21.08)	1.06	14.82	(2.37)
(iii) Other material adjustments							
Tool holders, Jigs, Fixtures, Instrument & Gauges - consumption reversal	B	-	-	-	-	108.63	76.32
Tool holders, Jigs, Fixtures, Instrument & Gauges - Depreciation	B	(0.40)	(11.85)	9.80	(9.50)	(98.31)	(74.25)
Provision for Warranty	M	-	-	(0.99)	(0.90)	(0.23)	(0.05)
Provision for Rejection	M	-	-	(1.10)	(0.75)	(0.19)	(0.04)
Share of profit on MCCM - considered as JV under previous GAAP		-	-	(0.27)	(1.36)	(0.30)	3.68
Others		-	-	4.97	4.50	(0.34)	5.84
Ind AS adjustments							
Fair Valuation of derivative instruments	I	-	-	31.71	(18.20)	(33.10)	(73.83)
Restatement of Term Loans	I	-	-	(49.67)	(20.34)	33.82	38.37
Finance cost on amortisation of upfront fees	S	-	-	(4.85)	(5.76)	(3.34)	(6.07)
EPCG Benefit	L	-	-	134.21	163.66	95.98	149.17
Depreciation on account of EPCG Capitalisation	L	-	-	(106.41)	(90.13)	(101.56)	(91.80)
Rent Straightlining		-	-	(10.10)	(10.79)	(11.45)	(12.20)
Provision for Bad Debts under ECL	H	-	-	18.37	(31.10)	(20.10)	(5.82)
Deferred tax adjustment	J	(57.41)	(359.70)	116.03	(112.24)	(99.64)	11.53
Revaluation of Land - OCI	D	-	-	-	134.91	-	-
The effective portion of gains and loss on hedging instruments in a cash flow hedge	I	-	-	(0.41)	(10.63)	-	-
Fair Valuation of Equity Instruments through OCI	F	-	-	0.27	1.22	0.05	(3.70)
Exchange differences in translating the financial statements of foreign operations OCI	C	-	-	(28.16)	21.78	(10.47)	(5.05)
Total Adjustments		(57.81)	(371.55)	85.30	(103.82)	(168.74)	(25.49)
Restated total comprehensive income		115.94	435.25	423.06	347.42	225.21	375.61

2. Reconciliation of total equity as per audited financial statements with total equity as per Restated Financial Information

(Rupees in Millions)

Particulars	Note No	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	April 01, 2012
Total equity as per audited financial statements		5,884.11	5,717.28	4,356.76	4,052.46	3,587.78	3,210.77	1,823.91
Effect of :								
(i) Audit qualifications : none		-	-	-	-	-	-	-
(ii) Changes in accounting policies		-	-	(243.94)	(215.84)	(97.65)	(69.46)	(31.88)
(iii) Other material adjustments		(7.77)	(7.36)	(1.32)	(8.73)	3.75	(5.83)	(10.83)
(iv) Ind AS adjustments		-	57.41	1,227.52	1,095.01	1,088.29	1,227.80	1,222.33
Total Adjustments		(7.77)	50.05	982.26	870.44	994.38	1,152.51	1,179.62
Total equity under Ind AS		5,876.34	5,767.33	5,339.02	4,922.90	4,582.16	4,363.28	3,003.53

Statement of reconciliation between previous GAAP and Ind AS

Reconciliation of equity as per previously reported under IGAAP to Ind AS:

(Rupees in Millions)

Particulars	Note	As at 31 March 16			As at 31 March 15		
		Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**
ASSETS							
Non-current assets							
Property, Plant and Equipment	B, D, L	8,253.66	1,598.36	**9,852.02**	7,721.27	1,571.09	**9,292.36**
Capital Work in progress		400.32	-	**400.32**	542.38	-	**542.38**
Other Intangible assets		60.77	-	**60.77**	52.84	-	**52.84**
Financial assets							
Investments	F	24.82	(0.74)	**24.08**	23.97	(0.74)	**23.23**
Security Deposits	R	77.61	(32.42)	**45.19**	67.73	(23.99)	**43.74**
Current tax assets (Net)		14.11	-	**14.11**	-	-	**-**
Other non-current assets		161.74	-	**161.74**	270.74	-	**270.74**
		8,993.03	1,565.20	**10,558.23**	8,678.93	1,546.36	**10,225.29**
Current assets							
Inventories	B, G	2,078.48	(259.09)	**1,819.39**	1,726.82	(247.84)	**1,478.98**
Financial assets							
Trade receivables	H	1,381.21	(33.11)	**1,348.10**	1,313.42	(59.07)	**1,254.35**
Cash and cash equivalents		165.10	-	**165.10**	166.90	-	**166.90**
Security Deposits		73.08	-	**73.08**	61.19	-	**61.19**
Other Current assets	A	709.38	27.24	**736.62**	541.84	45.10	**586.94**
		4,407.25	(264.96)	**4,142.29**	3,810.17	(261.81)	**3,548.36**
Total Assets		13,400.28	1,300.24	**14,700.52**	12,489.10	1,284.55	**13,773.65**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share capital		57.49	-	**57.49**	57.49	-	**57.49**
Other Equity		4,299.27	982.26	**5,281.53**	3,994.97	870.44	**4,865.41**
		4,356.76	982.26	**5,339.02**	4,052.46	870.44	**4,922.90**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	I, S	3,160.32	(1.26)	**3,159.06**	3,099.09	(59.93)	**3,039.16**
Other Non-Current Financial Liabilities	I	0.20	27.72	**27.92**	0.20	60.86	**61.06**
Provisions	M	-	1.78	**1.78**	-	1.90	**1.90**
Deferred tax liabilities (Net)	J	314.20	150.22	**464.42**	207.70	266.47	**474.17**
		3,474.72	178.46	**3,653.18**	3,306.99	269.30	**3,576.29**
Current liabilities							
Financial Liabilities							
Borrowings		2,054.82	-	**2,054.82**	1,586.38	-	**1,586.38**
Trade payables		2,027.85	-	**2,027.85**	1,755.33	-	**1,755.33**
Other current Financial Liabilities	I	1,236.50	137.29	**1,373.79**	1,189.74	144.77	**1,334.51**
Other current liabilities	N	234.95	(1.18)	**233.77**	552.53	(1.15)	**551.38**
Current tax labilities (Net)		-	-	**-**	13.54	-	**13.54**
Provisions	M, N	14.68	3.41	**18.09**	32.13	1.19	**33.32**
		5,568.80	139.52	**5,708.32**	5,129.65	144.81	**5,274.46**
Total Equity and Liabilities		13,400.28	1,300.24	**14,700.52**	12,489.10	1,284.55	**13,773.65**

(Rupees in Millions)

Particulars	Note	As at 31 March 14			As at 31 March 13		
		Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**
ASSETS							
Non-current assets							
Property, Plant and Equipment	B, D, L	7,202.12	1,380.40	**8,582.52**	6,221.36	1,687.11	**7,908.47**
Capital Work in progress		126.59	-	**126.59**	115.54	-	**115.54**
Other Intangible assets		62.20	-	**62.20**	27.30	-	**27.30**
Financial assets							
Investments	F	22.53	(0.73)	**21.80**	21.96	(0.76)	**21.20**
Security Deposits	R	65.07	(17.10)	**47.97**	61.69	(17.95)	**43.74**
Current tax assets (Net)		14.26	-	**14.26**	15.90	-	**15.90**
Other non-current assets		336.05	-	**336.05**	106.80	-	**106.80**
		7,828.82	1,362.57	**9,191.39**	6,570.55	1,668.40	**8,238.95**
Current assets							
Inventories	B, G	1,408.09	(140.54)	**1,267.55**	1,598.93	(406.46)	**1,192.47**
Financial assets							
Trade receivables	H	1,340.13	(21.82)	**1,318.31**	952.73	(1.72)	**951.01**
Cash and cash equivalents		70.01	-	**70.01**	117.20	-	**117.20**
Security Deposits		128.38	-	**128.38**	134.53	-	**134.53**
Other Current assets	A	564.17	37.14	**601.31**	475.15	23.20	**498.35**
		3,510.78	(125.22)	**3,385.56**	3,278.54	(384.98)	**2,893.56**
Total Assets		11,339.60	1,237.35	**12,576.95**	9,849.09	1,283.42	**11,132.51**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share capital		57.49	-	**57.49**	57.49	-	**57.49**
Other Equity		3,530.29	994.38	**4,524.67**	3,153.28	1,152.51	**4,305.79**
		3,587.78	994.38	**4,582.16**	3,210.77	1,152.51	**4,363.28**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	I, S	2,838.82	(72.72)	**2,766.10**	2,680.78	(49.01)	**2,631.77**
Other Non-Current Financial Liabilities	I	0.20	64.06	**64.26**	0.20	74.40	**74.60**
Provisions	M	-	1.54	**1.54**	-	1.45	**1.45**
Deferred tax liabilities (Net)	J	326.22	159.69	**485.91**	349.50	60.05	**409.55**
		3,165.24	152.57	**3,317.81**	3,030.48	86.89	**3,117.37**
Current liabilities							
Financial Liabilities							
Borrowings		1,668.98	-	**1,668.98**	1,625.68	-	**1,625.68**
Trade payables		1,412.95	-	**1,412.95**	906.11	-	**906.11**
Other current Financial Liabilities	I	1,172.40	91.47	**1,263.87**	779.28	45.00	**824.28**
Other current liabilities	N	317.56	(0.98)	**316.58**	282.15	(0.92)	**281.23**
Current tax labilities (Net)		-	-	**-**	-	-	**-**
Provisions	M, N	14.69	(0.09)	**14.60**	14.62	(0.06)	**14.56**
		4,586.58	90.40	**4,676.98**	3,607.84	44.02	**3,651.86**
Total Equity and Liabilities		11,339.60	1,237.35	**12,576.95**	9,849.09	1,283.42	**11,132.51**

(Rupees in Millions)

Particulars	Note	As at 01 April 12 Previous GAAP*	Adjustments	**Proforma Ind AS**
ASSETS				
Non-current assets				
Property, Plant and Equipment	B, D, L	5,248.40	1,590.18	**6,838.58**
Capital Work in progress		556.32	-	**556.32**
Other Intangible assets		15.50	-	**15.50**
Financial assets				
Investments	F	24.57	(0.09)	**24.48**
Security Deposits	R	62.95	(14.88)	**48.07**
Current tax assets (Net)		-	-	**-**
Other non-current assets		186.11	-	**186.11**
		6,093.85	1,575.21	**7,669.06**
Current assets				
Inventories	B, G	1,468.86	(335.54)	**1,133.32**
Financial assets				
Trade receivables	H	1,090.33	4.10	**1,094.43**
Cash and cash equivalents		195.01	-	**195.01**
Security Deposits		39.14	-	**39.14**
Other Current assets	A	444.00	22.44	**466.44**
		3,237.34	(309.00)	**2,928.34**
Total Assets		9,331.19	1,266.21	**10,597.40**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital		47.13	-	**47.13**
Other Equity		1,776.78	1,179.62	**2,956.40**
		1,823.91	1,179.62	**3,003.53**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	I, S	2,985.66	(22.63)	**2,963.03**
Other Non-Current Financial Liabilities	I	0.20	20.46	**20.66**
Provisions	M	-	1.43	**1.43**
Deferred tax liabilities (Net)	J	300.64	71.57	**372.21**
		3,286.50	70.83	**3,357.33**
Current liabilities				
Financial Liabilities				
Borrowings		1,360.68	-	**1,360.68**
Trade payables		1,585.83	-	**1,585.83**
Other current Financial Liabilities	I	827.86	15.99	**843.85**
Other current liabilities	N	387.30	(0.77)	**386.53**
Current tax labilities (Net)		10.40	-	**10.40**
Provisions	M, N	48.71	0.54	**49.25**
		4,220.78	15.76	**4,236.54**
Total Equity and Liabilities		9,331.19	1,266.21	**10,597.40**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Notes:

A. Revenue from machining charges and other services are recognised as and when the services are rendered in accordance with the specific terms of the contract and when the collectability of the resulting receivable is reasonably assured. As per old policy, revenue from services were recognised only when invoices are raised.

B. Tool holders,Jigs, Fixtures, Instruments and Gauges have been reclassified from Inventory to Property, Plant and equipment during the year 2013 -14 and has been depreciated at the rate of 20%. This has been given effect from the transition date and the corresponding changes in the consumption for Inventory and depreciation for PPE have been accounted for.

C. Under previous GAAP, exchange gain/ loss on translation of foreign operations were directly recognised in Reserves. Under Ind AS, the same has been routed through OCI and hence are reflected in Total Comprehensive Income

D. Under Ind AS, the Company has adopted previous GAAP carrying value as deemed cost for PPE as on transition date except land which has been revalued as on transition date and the effect of these are reflected in total equity. The land was subsequently fairvalued on 31st March 2015 and the effect of these are reflected in total equity.

E. Under previous GAAP, prepayments under operating lease for land were included in Property, Plant and Equipment (PPE). Under Ind AS, the same are specifically covered by Ind AS 17 on 'leases' and hence reflected under other non-current/ current assets. The effect of these are reflected in total equity and Statement of Profit and Loss.

F. Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, non-current investments (other than investments in equity instruments of joint venture) are measured at fair value through other comprehensive income. Consequently, the differences, as at the transition date and as at the end of subsequent years/ period, respectively between carrying value as per previous GAAP and fair value, are reflected in total equity and other comprehensive income.

G. The company has changed its accounting policy on the transition date to represent the consumption pattern of the tools that is in use. This has resulted in writing off of inventory. Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the company depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools are 2- 3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

H. Under previous GAAP the company was providing for bad debts on the basis of managements best estimate of expected non recovery of receivables. Under Ind AS, loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall. Consequently, the differences, as at the transition date and as at the end of subsequent years/ period, respectively are reflected in total equity and Statement of Profit and Loss.

I. Under previous GAAP, certain long term borrowings (for aquisition of property, plant and equipment) with associated derivative contracts (currency and interest rate swaps) were considered as integral and were accordingly accounted. Under Ind AS, borrowings and the associated derivative contracts are reckoned as separate financial liabilities and are measured at amortised cost (using effective interest method) and at fair value respectively. The effect of these (carrying values, finance costs, exchange differences and depreciation thereon) is reflected in total equity and Other comprehensive Income. Further, the effect, in case of all other borrowings measured at amortised cost, is reflected in total equity and Statement of Profit and Loss. Under previous GAAP, derivative accounting was not done and only long term monetary item was carried at the hedged exchange rate. Under the Ind AS, related long term monetary item are restated at closing spot rates and derivatives have been fair valued as Cash Flow Hedges and both were taken to hedge reserve. Based on the actual cash flow of the long term monetary item & derivative the exchange difference between the hedged rate and spot rate is taken to Statement of profit and loss as gain or loss.

J. Under Ind AS, deferred taxes are recognised relating to Ind AS adjustments including deferred taxes measured using balance sheet approach for all temporary differences. The effect of these are reflected in total equity and Statement of Profit and Loss.

K. under previous GAAP, Excise duty was adjusted in revenue from sale of products whereas under Ind AS, it is considered as a production cost and hence disclosed seperately as an expense in the statement of profit and loss.

L. Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statment of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled. On the transition date, the Company, therefore, recorded an adjustment to measure such property, plant and equipment in accordance with Ind AS 16. Under Previous GAAP, cost of the property, plant and equipment was recorded at the cash price paid to acquire such assets. Consequently, depreciation relating to the above differences in the cost of property, plant and equipment under Ind AS and Previous GAAP has also been adjusted to opening reserves and in the respective years.

M. The company has changed its accounting policy with respect to provision for warranty and rejections on the transition date to reflect best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences. Consequently, the effect of the change in policy is reflected in total equity and Statement of Profit and Loss.

N. Under previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, dividends are recognised when approved. This resulted in a temporary difference and has been reflected in total equity of the relevant financial years.

O. Under previous GAAP, Mininum Alternate Tax (MAT) entitlements were classified under Non Current Assets. Under Ind AS, it is classified as unused tax credits under deferred tax.

P. Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified items of income, expense, gains and losses are presented under OCI.

Q. Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised in profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between profit or loss and other comprehensive income.

R. Material interest-free security deposits have been discounted using market rates of interest as required under Ind AS and recorded at amortised cost.

S. Under previous GAAP, upfront fee / transaction costs incurred in connection with borrowings are amortised over the period of the borrowings using straight line basis. Under Ind AS, these transaction costs are included in the initially recognised amount of financial liability and charged to profit or loss using effective interest rate.

Reconciliation of total comprehensive income as per previously reported under previous GAAP to Ind AS:

(Rupees in Millions)

Particulars	Note	**As at 31 March 16**			**As at 31 March 15**			**As at 31 March 14**			**As at 31 March 13**		
		Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**
INCOME													
Revenue From Operations	A, K, L	8,837.74	1,011.14	**9,848.88**	7,836.35	851.82	**8,688.17**	6,049.10	888.30	**6,937.40**	5,889.43	855.58	**6,745.01**
Other Income	I	74.00	43.75	**117.75**	18.00	(26.13)	**(8.13)**	92.50	(22.06)	**70.44**	20.86	(64.03)	**(43.17)**
Total Income		8,911.74	1,054.89	**9,966.63**	7,854.35	825.69	**8,680.04**	6,141.60	866.24	**7,007.84**	5,910.29	791.55	**6,701.84**
EXPENSES													
Cost of materials consumed		2,987.19	(3.37)	**2,983.82**	2,081.56	(5.80)	**2,075.76**	1,535.80	2.48	**1,538.28**	1,359.25	(1.80)	**1,357.45**
Changes in inventories of finished goods and work-in-progress		(164.27)	-	**(164.27)**	16.11	-	**16.11**	(42.98)	-	**(42.98)**	(35.16)	-	**(35.16)**
Excise duty on sale of goods	K	-	898.00	**898.00**	-	687.10	**687.10**	-	777.50	**777.50**	-	708.79	**708.79**
Employee benefits expense	Q	1,220.32	8.15	**1,228.47**	1,071.37	(11.93)	**1,059.44**	824.13	2.68	**826.81**	821.90	2.32	**824.22**
Depreciation and amortization expense	B, L	923.20	96.64	**1,019.84**	851.48	99.61	**951.09**	610.51	199.89	**810.40**	517.41	166.05	**683.46**
Other expenses	B, G, H, M	2,648.29	0.91	**2,649.20**	2,786.42	146.99	**2,933.41**	2,206.60	(33.41)	**2,173.19**	2,161.61	(23.01)	**2,138.60**
Finance costs	I	733.19	64.88	**798.07**	608.40	35.29	**643.69**	526.50	(21.59)	**504.91**	513.01	(27.19)	**485.82**
Total expenses		8,347.92	1,065.21	**9,413.13**	7,415.34	951.26	8,366.60	5,660.56	927.55	6,588.11	5,338.02	825.16	6,163.18
Profit before share of profit from joint venture & tax		**563.82**	**(10.32)**	553.50	**439.01**	**(125.57)**	313.44	**481.04**	**(61.31)**	419.73	**572.27**	**(33.61)**	538.66
Share of profit from Joint Venture		0.85	(0.27)	**0.58**	1.58	(1.36)	**0.22**	0.57	(0.05)	**0.52**	(2.61)	3.03	**0.42**
Profit before tax		564.67	(10.59)	**554.08**	440.59	(126.93)	313.66	481.61	(61.36)	420.25	569.66	(30.58)	539.08
Tax expense:													
(1) Current tax		120.41	-	**120.41**	107.86	-	**107.86**	110.95	-	**110.95**	119.70	-	**119.70**
Less:MAT Credit Entitlement		83.43	-	**83.43**	107.86	-	**107.86**	74.77	-	**74.77**	58.12	-	**58.12**
Net Current Tax		36.98	-	**36.98**	-	-	**-**	36.18	-	**36.18**	61.58	-	**61.58**
(2) Deferred tax	J	189.92	(118.85)	**71.07**	(10.66)	116.30	**105.64**	51.48	98.77	**150.25**	106.99	(12.28)	**94.71**
Total tax		226.90	(118.85)	**108.05**	(10.66)	116.30	105.64	87.66	98.77	186.43	168.57	(12.28)	156.29
Profit for the year		**337.77**	**108.26**	**446.03**	**451.25**	**(243.23)**	**208.02**	**393.95**	**(160.13)**	**233.82**	**401.09**	**(18.30)**	**382.79**
Other Comprehensive Income	P												
A (i) Items that will not be reclassified to profit or loss													
- Remeasurement of defined benefit plans	Q	-	8.15	**8.15**	-	(11.93)	**(11.93)**	-	2.68	**2.68**	-	2.32	**2.32**
- Equity Instruments through OCI	F	-	0.27	**0.27**	-	1.22	**1.22**	-	0.05	**0.05**	-	(3.70)	**(3.70)**
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(2.82)	**(2.82)**		4.05	**4.05**	-	(0.87)	**(0.87)**	-	(0.75)	**(0.75)**

(Rupees in Millions)

Particulars	Note	As at 31 March 16			As at 31 March 15			As at 31 March 14			As at 31 March 13		
		Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**
B (i) Items that will be reclassified to profit or loss													
- Exchange differences in translating the financial statements of foreign operations	C	-	(28.16)	**(28.16)**	-	21.78	**21.78**	-	(10.47)	**(10.47)**	-	(5.05)	**(5.05)**
- The effective portion of gains and loss on hedging instruments in a cash flow hedge	I	-	(0.63)	**(0.63)**	-	(16.10)	**(16.10)**	-	-	**-**	-	-	**-**
- Surplus on revaluation of Land	D	-	-	**-**	-	134.91	**134.91**	-	-	**-**	-	-	**-**
(ii) Income tax relating to items that will be reclassified to profit or loss		-	0.22	**0.22**	-	5.47	**5.47**	-	-	**-**	-	-	**-**
Other Comprehensive Income for the year, net of tax		-	(22.97)	**(22.97)**	-	139.40	139.40	-	(8.61)	(8.61)	-	(7.18)	(7.18)
Total Comprehensive Income for the year		**337.77**	**85.29**	**423.06**	**451.25**	**(103.83)**	**347.42**	**393.95**	**(168.74)**	**225.21**	**401.09**	**(25.48)**	**375.61**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Statement of cash flows

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS

Craftsman Automation Limited
Annexure VII: Notes to restated consolidated summary statement of assets and liabilities

1 Property, plant and equipment

(Rupees in Millions)

Asset Category	Freehold land	Freehold Building (Incl Leasehold Improvements)	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Total	Capital Work in Progress
Gross Block								
At April 1, 2012	482.94	526.85	5,757.11	28.25	14.25	29.18	**6,838.58**	544.04
Additions	22.22	237.58	1,413.40	24.01	4.84	0.62	**1,702.67**	361.73
Disposals	-	-	-	-	-	-	**-**	(807.16)
Reserve	-	-	3.94	0.67	0.08	-	**4.69**	-
At Mar 31 2013	**505.16**	**764.43**	**7,174.45**	**52.93**	**19.17**	**29.80**	**8,545.94**	**98.61**
Additions	87.73	155.10	1,176.88	38.09	4.81	0.53	**1,463.14**	102.53
Disposals	-	-	-	-	-	-	**-**	(74.55)
Reserve	-	-	13.09	1.56	0.30	-	**14.95**	-
At Mar 31, 2014	**592.89**	**919.53**	**8,364.42**	**92.58**	**24.28**	**30.33**	**10,024.03**	**126.59**
Additions	188.53	86.09	1,381.18	27.06	1.36	1.99	**1,686.21**	489.30
Disposals	(21.72)	-	(62.15)	(8.04)	(0.34)	(2.95)	**(95.20)**	(80.30)
Reserve	-	-	(15.46)	(1.91)	(0.35)	-	**(17.72)**	-
At Mar 31 2015	**759.70**	**1,005.62**	**9,667.99**	**109.69**	**24.95**	**29.37**	**11,597.32**	**535.59**
Additions	-	301.64	1,237.95	23.00	1.45	-	**1,564.04**	400.33
Disposals	-	(25.73)	(6.81)	(22.85)	-	(0.26)	**(55.65)**	(535.60)
Reserve	-	0.04	1.18	0.29	0.18	-	**1.69**	-
At Mar 31 2016	**759.70**	**1,281.57**	**10,900.31**	**110.13**	**26.58**	**29.11**	**13,107.40**	**400.32**
Additions	5.07	328.27	3,040.63	42.29	6.05	-	**3,422.31**	266.10
Disposals	-	-	(113.79)	(1.52)	(1.31)	(0.68)	**(117.30)**	(554.87)
Reserve	-	(0.04)	(1.22)	(0.47)	(0.17)	-	**(1.90)**	-
At March 31, 2017	**764.77**	**1,609.80**	**13,825.93**	**150.43**	**31.15**	**28.43**	**16,410.51**	**111.55**
Additions	-	39.08	850.77	13.86	2.46	-	**906.17**	103.28
Disposals	-	-	(7.52)	(0.48)	(0.33)	(1.01)	**(9.34)**	(82.14)
Reserve	-	0.04	0.69	0.36	0.03	-	**1.12**	-
At December 31, 2017	**764.77**	**1,648.92**	**14,669.87**	**164.17**	**33.31**	**27.42**	**17,308.46**	**132.69**

Asset Category	Freehold land	Freehold Building (Incl Leasehold Improvements)	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Total	Capital Work in Progress
Depreciation								
At April 1, 2012	-	-	-	-	-	-	**-**	-
Additions	-	32.89	621.79	12.55	3.84	4.72	**675.79**	-
Disposals	-	-	(25.69)	(6.39)	(5.63)	(2.92)	**(40.63)**	-
Reserve	-	-	1.97	0.31	0.03	-	**2.31**	-
At Mar 31 2013	**-**	**32.89**	**598.07**	**6.47**	**(1.76)**	**1.80**	**637.47**	**-**
Additions	-	40.16	745.11	5.25	2.10	4.26	**796.88**	-
Disposals	-	-	(0.84)	-	-	(1.61)	**(2.45)**	-
Reserve	-	-	8.21	1.26	0.14	-	**9.61**	-
At March 31, 2014	**-**	**73.05**	**1,350.55**	**12.98**	**0.48**	**4.45**	**1,441.51**	**-**
Additions	-	42.81	834.72	44.75	3.50	7.82	**933.60**	-
Disposals	-	-	(43.55)	(8.28)	(0.33)	(1.98)	**(54.14)**	-
Reserve	-	-	(14.00)	(1.73)	(0.28)	-	**(16.01)**	-
At Mar 31 2015	**-**	**115.86**	**2,127.72**	**47.72**	**3.37**	**10.29**	**2,304.96**	**-**
Additions	-	49.74	911.73	30.90	3.50	4.80	**1,000.67**	-
Disposals	-	(24.64)	(3.95)	(22.64)	-	(0.26)	**(51.49)**	-
Reserve	-	0.01	0.89	0.18	0.16	-	**1.24**	-
At Mar 31 2016	**-**	**140.97**	**3,036.39**	**56.16**	**7.03**	**14.83**	**3,255.38**	**-**
Additions	-	57.60	1,018.91	23.05	3.43	3.52	**1,106.51**	-
Disposals	-	-	(107.41)	(1.09)	(1.31)	(0.50)	**(110.31)**	-
Reserve	-	(0.01)	(1.01)	(0.25)	(0.17)	-	**(1.44)**	-
At March 31, 2017	**-**	**198.56**	**3,946.88**	**77.87**	**8.98**	**17.85**	**4,250.14**	**-**
Additions	-	56.55	884.71	19.32	2.86	2.52	**965.96**	-
Disposals	-	-	(4.96)	(0.29)	(0.33)	(0.90)	**(6.48)**	-
Reserve	-	0.02	0.56	0.21	0.03	-	**0.82**	-
At December 31, 2017	**-**	**255.13**	**4,827.19**	**97.11**	**11.54**	**19.47**	**5,210.44**	**-**
Net Block								
At April 01, 2012	482.94	526.85	5,757.11	28.25	14.25	29.18	**6,838.58**	544.04
At March 31, 2013	505.16	731.54	6,576.38	46.46	20.93	28.00	**7,908.47**	98.61
At March 31, 2014	592.89	846.48	7,013.87	79.60	23.80	25.88	**8,582.52**	126.59
At March 31, 2015	759.70	889.76	7,540.27	61.97	21.58	19.08	**9,292.36**	535.59
At March 31, 2016	759.70	1,140.60	7,863.92	53.97	19.55	14.28	**9,852.02**	400.32
At March 31, 2017	764.77	1,411.24	9,879.05	72.56	22.17	10.58	**12,160.37**	111.55
At December 31, 2017	764.77	1,393.79	9,842.68	67.06	21.77	7.95	**12,098.02**	132.69

Note

1. All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no: 14 to Annexure VII

2 INTANGIBLE ASSETS **(Rupees in Millions)**

Asset Category	Computer Software	Product Development	Total	Capital Work in Progress
Gross Block				
At April 1, 2012	6.84	8.66	15.50	12.28
Additions	12.65	6.47	19.12	4.65
Disposals	-	-	-	-
Reserve	0.33	0.80	1.13	-
At March 31, 2013	**19.82**	**15.93**	**35.75**	**16.93**
Additions	44.88	0.81	45.69	-
Disposals	-	-	-	-
Reserve	1.89	3.41	5.30	(16.93)
At March 31, 2014	**66.59**	**20.15**	**86.74**	**-**
Additions	9.68	-	9.68	6.79
Disposals	(4.82)	(8.79)	(13.61)	-
Reserve	(2.68)	(4.14)	(6.82)	-
At March 31, 2015	**68.77**	**7.22**	**75.99**	**6.79**
Additions	26.32	-	**26.32**	-
Disposals	-	-	**-**	(6.79)
Reserve	1.11	1.56	**2.67**	-
At March 31, 2016	**96.20**	**8.78**	**104.98**	**-**
Additions	24.85	63.56	**88.41**	-
Disposals	(1.90)	(7.44)	**(9.34)**	-
Reserve	(1.06)	(1.50)	**(2.56)**	-
At March 31, 2017	**118.09**	**63.40**	**181.49**	**-**
Additions	38.19	-	**38.19**	-
Disposals	(4.71)	(5.37)	**(10.08)**	-
Reserve	0.76	0.60	**1.36**	-
At December 31, 2017	**152.33**	**58.63**	**210.96**	**-**
Depreciation				
At April 1, 2012	-	-	-	-
Additions	3.91	3.98	7.89	-
Disposals	-	-	-	-
Reserve	0.16	0.40	0.56	-
At March 31, 2013	**4.07**	**4.38**	**8.45**	**-**
Additions	8.76	4.77	13.53	-
Disposals	-	-	-	-
Reserve	0.78	1.78	2.56	-
At March 31, 2014	**13.61**	**10.93**	**24.54**	**-**
Additions	13.17	3.52	16.69	-
Disposals	(4.64)	(8.79)	(13.43)	-
Reserve	(1.53)	(3.12)	(4.65)	-
At March 31, 2015	**20.61**	**2.54**	**23.15**	**-**
Additions	16.70	2.47	**19.17**	-
Disposals	-	-	**-**	-
Reserve	0.69	1.20	**1.89**	-
At Mar 31 2016	**38.00**	**6.21**	**44.21**	**-**
Additions	19.25	13.78	**33.03**	-
Disposals	(2.41)	(7.44)	**(9.85)**	-
Reserve	(0.85)	(1.36)	**(2.21)**	-
At March 31, 2017	**53.99**	**11.19**	**65.18**	**-**
Additions	20.10	16.56	**36.66**	-
Disposals	(4.71)	(5.37)	**(10.08)**	-
Reserve	0.59	0.54	**1.13**	-
At December 31, 2017	**69.97**	**22.92**	**92.89**	**-**
Net Block				
At April 1, 2012	6.84	8.66	**15.50**	12.28
At March 31, 2013	15.75	11.55	**27.30**	16.93
At March 31, 2014	52.98	9.22	**62.20**	-
At March 31, 2015	48.16	4.68	**52.84**	6.79
At March 31, 2016	58.20	2.57	**60.77**	-
At March 31, 2017	64.10	52.21	**116.31**	-
At December 31, 2017	82.36	35.71	**118.07**	-

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
FINANCIAL ASSETS						
3. NON CURRENT INVESTMENTS						
Investment in Equity of Joint Venture						
Carlstahl Craftsman Enterprises Private Ltd (30% stake)						
600,000 equity shares of Rs.10 each fully paid up	6.00	6.00	6.00	6.00	6.00	6.00
Recognition of opening value of investment in Joint venture	5.43	3.19	2.62	2.40	1.88	1.45
Share of current year profits in Joint Venture	1.99	2.24	0.58	0.22	0.52	0.42
Investment value of Equity in Joint Venture	13.42	11.43	9.20	8.62	8.40	7.87
Investment in Equity instruments (at Fair Value through OCI)						
Quoted						
Jain Irrigation Limited (546 shares of Rs.2 each fully paid up (cost Rs. 1,00,000))	0.07	0.05	0.03	0.03	0.04	0.03
Unquoted						
MC Craftsman Machinery Private Ltd (10% stake) 210,000 equity shares of Rs.100 each fully paid up	14.82	14.81	14.85	14.58	13.36	13.30
iEnergy wind farm (Theni) Private Ltd 2167 equity shares of Rs.10 each fully paid up	0.02	-	-	-	-	-
TAGMA Centre of Excellence and Training 15 equity shares of Rs.10 each fully paid up	0.49	-	-	-	-	-
Bhatia Coke & Energy Limited 34,810 equity shares of Rs.10 each fully paid up	11.00	-	-	-	-	-
Total	**39.82**	**26.29**	**24.08**	**23.23**	**21.80**	**21.20**
Aggregate amount of quoted investments and market value thereof	0.07	0.05	0.03	0.03	0.04	0.03
Aggregate amount of unquoted investments (at fair value)	39.75	26.24	24.05	23.20	21.76	21.17

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
4. SECURITY DEPOSITS						
Rent Deposit - Non Current	68.44	45.39	45.19	43.74	47.97	42.28
Other Deposits	-	-	-	-	-	1.46
Total	**68.44**	**45.39**	**45.19**	**43.74**	**47.97**	**43.74**
5. CURRENT TAX ASSETS (NET)						
Advance payment of income tax less provisions	79.50	42.25	14.11	-	14.26	15.90
Total	**79.50**	**42.25**	**14.11**	**-**	**14.26**	**15.90**
6. OTHER NON CURRENT ASSETS						
Unsecured, considered good						
Prepayments under operating lease	85.08	85.89	86.97	88.05	12.30	12.61
Capital Advances	207.28	106.30	74.77	182.69	323.75	94.19
Total	**292.36**	**192.19**	**161.74**	**270.74**	**336.05**	**106.80**
7. INVENTORIES						
Raw Materials, Components and Consumables	851.67	634.17	443.94	282.05	305.67	174.00
Work-in-progress	972.16	794.33	575.37	400.48	366.85	317.51
Finished goods	92.06	103.39	103.13	113.75	163.49	169.85
Consumable Stores	367.21	297.06	360.94	371.86	185.00	322.94
Tools in use	262.37	168.07	124.96	151.50	102.74	72.55
Machinery Spares	295.73	245.37	199.07	145.44	128.14	131.27
Packing Materials	16.05	17.58	8.64	13.90	4.68	4.35
Goods in Transit	-	-	3.34	-	10.98	-
Total	**2,857.25**	**2,259.97**	**1,819.39**	**1,478.98**	**1,267.55**	**1,192.47**

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
Inventory valued at NRV	30.40	26.80	17.90	8.96	-	-
Amount written down to arrive at NRV*	7.90	10.20	13.40	3.69	-	-

*These were recognised as an expense during the period / year and included in changes in value of inventories of WIP in Statement of Profit and Loss

8. TRADE RECEIVABLES

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
Unsecured						
Considered good **	1,901.95	1,741.11	1,348.10	1,254.35	1,318.31	951.01
Considered doubtful	70.29	70.85	50.62	61.51	42.84	22.74
Less: Provision for doubtful debts	(70.29)	(70.85)	(50.62)	(61.51)	(42.84)	(22.74)
Total	**1,901.95**	**1,741.11**	**1,348.10**	**1,254.35**	**1,318.31**	**951.01**
Aging of trade receivables						
Period Outstanding :						
0 - 180 days	1,770.42	1,554.40	1,255.26	1,118.99	1,142.00	778.39
181 - 360 days	117.84	138.40	72.40	104.21	124.95	88.88
more than 360 days	83.98	119.16	71.06	92.66	94.20	106.48
	1,972.24	1,811.96	1,398.72	1,315.86	1,361.15	973.75
** includes receivable from						
Carl Stahl Craftsman Enterprises Private Limited	44.34	7.41	2.87	1.74	7.59	7.95
MC Craftsman Machinery Private Limited	0.24	1.16	3.95	0.53	1.09	0.58
Mastercraft Engineers Private Limited	-	-	-	-	-	3.26
Movement in Provision for doubtful debt is as follows :						
Opening	70.85	50.62	61.51	42.84	22.74	9.47
Additions (net of utilisation)	(0.56)	20.23	(10.89)	18.67	20.10	13.27
Closing	70.29	70.85	50.62	61.51	42.84	22.74

The provision is recognised as per Expected Credit Loss model in line with Ind AS 109 as on transition date and remeasured at the end of every financial reporting period.

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
9. CASH AND CASH EQUIVALENTS						
a. Balances with banks	389.41	238.91	81.28	58.07	34.82	53.24
b. Cash on hand	1.46	1.40	1.49	2.50	1.82	6.21
c. Other Bank balances						
i) Margin money against LC	128.01	131.34	57.14	82.64	14.87	39.34
ii) Margin money against Guarantee	27.16	25.79	25.19	23.69	18.50	18.41
Total	**546.04**	**397.44**	**165.10**	**166.90**	**70.01**	**117.20**
10. SECURITY DEPOSIT-CURRENT						
Security Deposits -Current	101.56	92.48	73.08	61.19	128.38	134.53
Total	**101.56**	**92.48**	**73.08**	**61.19**	**128.38**	**134.53**
11. OTHER CURRENT ASSETS						
(Unsecured, considered good unless otherwise stated)						
Balances with Government Authorities	463.21	785.53	608.47	429.54	407.69	364.74
Advance to Suppliers (Other than CG)	104.75	76.91	36.41	65.61	81.71	40.74
Prepaid Expenses	72.63	57.27	69.11	43.21	37.90	38.93
Advance to Employees	6.77	1.64	12.61	8.30	4.42	31.28
Others	46.91	40.24	10.02	40.28	69.59	22.66
Total	**694.27**	**961.59**	**736.62**	**586.94**	**601.31**	**498.35**

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

12. EQUITY SHARE CAPITAL

Particulars	As at Dec 31 2017		As at Mar 31 2017		As at Mar 31 2016		As at Mar 31 2015		As at Mar 31 2014		As at Mar 31 2013	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Authorised												
Equity Shares of Rs.100 each	2,000,000	200.00	1,000,000	100.00	1,000,000	100.00	1,000,000	100.00	1,000,000	100.00	1,000,000	100.00
Issued, called,subscribed & Paid Up												
Equity Shares of Rs.100 each	1,006,080	100.61	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49
Total	1,006,080	100.61	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49

The movement of equity shares is as below

Particulars	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	471,263	47.13
Shares Issued during the year	431,177	43.12	-	-	-	-	-	-	-	-	103,640	10.36
Shares outstanding at the end of the year	1,006,080	100.61	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49

Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	531,562	53%	303,750	53%	303,750	53%	303,750	53%	303,750	53%	303,750	53%
International Finance Corporation-USA	141,405	14%	80,803	14%	80,803	14%	80,803	14%	80,803	14%	80,803	14%
S Murali	106,313	11%	60,750	11%	60,750	11%	60,750	11%	60,750	11%	60,750	11%
K Gomatheswaran	70,875	7%	40,500	7%	40,500	7%	40,500	7%	40,500	7%	40,500	7%
Marina III (Singapore) Pte Limited	155,925	15%	89,100	15%								
Standard chartered Private Equity (Mauritius)II Limited					89,100	15%	89,100	15%	89,100	15%	89,100	15%
Total	1,006,080	100%	574,903	100%	574,903	100%	574,903	100%	574,903	100%	574,903	100%

For the period of five years immediately preceding the balance sheet date

i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The company has not allotted any shares pursuant to contracts without payment being received in cash

ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

- The Board at its meeting held on November 03, 2017 had recommended for issue of Bonus shares upon the approval by the shareholders. The record date was fixed as November 03, 2017 and the shareholders in the Extra ordinary General Meeting was held on December 11, 2017, approved the same. Accordingly, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of Rs.100 each fully paid up for every four existing equity shares of Rs.100 each fully paid up.

iii) Details of number and class of shares bought back:

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

Sub-division of shares:

Subsequent to the reporting date (31.12.2017), the Board at its meeting held on March 30, 2018 had recommended for sub-division of equity shares of face value Rs.100 each into equity shares of face value of Rs. 5 each upon the approval by the shareholders. The members at the Extraordinary General Meeting held on April 30, 2018 approved the same. Consequently, total number of equity shares outstanding stands changed to 20,121,600 equity shares of face value Rs.5 each from that date. The shareholding of the company as on December 31, 2017 considering the sub-division would be as follows:

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Name of the equity shareholder	No. of Shares held	% of Holding
S Ravi	10,631,240	**53%**
International Finance Corporation-USA	2,828,100	**14%**
S Murali	2,126,260	**11%**
K Gomatheswaran	1,417,500	**7%**
Marina III (Singapore) Pte Limited	3,118,500	**15%**
	20,121,600	**100%**

Particulars		As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
13. Other Equity							
Securities Premium Account	A	1,379.53	1,422.65	1,422.65	1,422.65	1,422.65	1,422.65
General Reserves	B	966.21	966.21	966.21	934.14	881.62	839.10
Cash Flow Hedge Reserve	C	(69.78)	(31.97)	(11.04)	(10.63)	-	-
Change in fair value of FVOCI equity instruments		(6.21)	(6.24)	(6.22)	(6.49)	(7.71)	(7.76)
Revaluation Surplus	D	134.91	134.91	134.91	134.91	-	-
Retained Earnings	D	3,337.52	3,204.95	2,792.62	2,380.85	2,240.13	2,053.87
Foreign currency translation reserve		26.13	13.90	(20.79)	7.37	(14.41)	(3.94)
Share of Profit in JV		7.42	5.43	3.19	2.61	2.39	1.87
Total		**5,775.73**	**5,709.84**	**5,281.53**	**4,865.41**	**4,524.67**	**4,305.79**

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.General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

C.Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

D. Retained Earnings includes Rs. 419.32 million of revaluation reserve created due to land revaluation on transition date (01.04.2012) and revaluation surplus of Rs.134.91 million has been created due to land revaluation on 31.03.2015 which will not be available for distribution of profits

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)

14. LONG TERM BORROWINGS

Particulars	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-Current	Current *	Non-Current	Current *	Non-Current	Current *	Non-Current	Current *	Non-Current	Current *	Non-Current	Current *
Secured												
From Banks												
Rupee Term Loans	1,749.76	504.54	2,286.76	304.82	1,297.47	221.16	900.69	232.36	564.71	165.59	333.04	144.50
Foreign Currency Term Loans	2,279.13	808.92	1,590.34	855.65	1,861.59	732.54	2,138.47	632.61	2,201.39	635.82	2,298.73	444.40
	4,028.89	**1,313.46**	**3,877.10**	**1,160.47**	**3,159.06**	**953.70**	**3,039.16**	**864.97**	**2,766.10**	**801.41**	**2,631.77**	**588.90**
From NBFC												
Rupee Term Loans	423.76	62.50	463.98	33.33	-	-	-	-	-	-	-	-
Total	**4,452.65**	**1,375.96**	**4,341.08**	**1,193.80**	**3,159.06**	**953.70**	**3,039.16**	**864.97**	**2,766.10**	**801.41**	**2,631.77**	**588.90**

Notes:
1. These are carried at amortised cost.
* Taken to other current financial liabilities (Note 20 of Annexure VII)

Details of security and terms of long term borrowings:

Sr. No.	Name of the Lender	Facility	Amount sanctioned (Rs. millions)	Amount outstanding (Rs. millions)	Security	Rate of interest	Prepayment Penalty	Repayment terms
1	STATE BANK OF INDIA	TL	720.00	724.41	refer note below	MCLR + 3.00% : 11.90%	2.00% of the amount to be prepaid	72 equal instalments from Jan 2018 at Rs.1 Crore each instalment.
2	STATE BANK OF INDIA	TL	400.00	203.46		MCLR + 3.00% : 11.90%		72 instalments from Jan 2014 as below: Jan 14 to Mar 14: 1Cr/instalment FY 2015-16 & 2016-17: 50 L/instalment FY 2017-18: 60 L/instalment FY 2018-19: 70 L/instalment Apr 19 to May 19: 70 L/instalment June 19 to Mar 20: 80 L/instalment

Sr. No.	Name of the Lender	Facility	Amount sanctioned (Rs. Millions)	Amount outstanding (Rs. Millions)	Security	Rate of interest	Prepayment Penalty	Repayment terms
3	STATE BANK OF INDIA	TL	300.00	111.03	Refer note below	MCLR + 3.00% : 11.90%	2.00% of the amount to be prepaid	60 equal instalments from Oct 2014 at Rs.50 Lakhs each instalment.
4	STATE BANK OF INDIA	TL	800.00	34.14		MCLR + 3.00% : 11.90%		74 instalments from Feb 2012 with a moratorium of 1 year from Feb 2011
5	ICICI Bank Limited	TL	250.00	-		Non-Fund Based Limit	Not applicable	This Limit will be liquidated upon the conversion of the LCs into Term Loan.
6	ICICI Bank Limited	TL	750.00	490.86		9.90%	1.00% of the amount to be prepaid	Rupee Term Loan - Rs.50.00 Cr - repayable in 15 quarterly instalments starting from the 6 th month of the drawdown. Rupee Term Loan of Rs.25.00 Cr - repayable in 25 quarterly instalments from the 12th month of the first drawdown
7	ICICI Bank Limited	ECB	288.9 (JPY 525.42 Million)	51.47		7.14%	0.20% of the amount to be prepaid	JPY 30.094 Mio * 15 Semi Annual + JPY 30.090 * 1 Semi Annual.First instalment due at the end of 6 months from first drawdown
8	ICICI Bank Limited	ECB	600 (USD 13.33 Million)	257.31		6.26%	Discretion of the bank	USD 0.66 Mio * 5 Semi Annual + USD 2.00 Mio * 5 Semi Annual. First instalment due at the end of 30 months from first drawdown
9	EXIM BANK	TL	315.00	245.51		5.20%	Discretion of the bank	20 equal quarterly instalments after 24 month moratorium.
10	EXIM BANK	TL	330.00	314.00		5.27% (FC Portion) LTMLR +200BPS for INR Portion		24 equal quarterly instalments after 24 month moratorium.
11	EXIM BANK	TL	400.00	135.21		5.30% IRS 5.8025% IRS (2 portions of FC- EIB & Non EIB) LTMLR +230BPS for INR Portion		24 equal quarterly instalments after 24 month moratorium.
12	EXIM BANK	TL	125.00	74.38		LTMLR +250BPS		20 equal quarterly instalments after 24 month moratorium.

Sr. No.	Name of the Lender	Facility	Amount sanctioned (Rs. Millions)	Amount outstanding (Rs. Millions)	Security	Rate of interest	Prepayment Penalty	Repayment terms
13	STANDARD CHARTERED BANK	ECB	305.5 (USD 5.00 Million)	193.20	Refer note below	11.59%	-	20 equal quarterly instalments after 12 month moratorium. First Instalment start at 15th month
14	STANDARD CHARTERED BANK	ECB	518.0 (USD 8.00 Million)	515.20		9.94%		20 equal quarterly instalments after 12 month moratorium. First Instalment start at 15th month
15	STANDARD CHARTERED BANK	ECB	270.0 (USD 5.00 Million)	47.38		13.70%		16 equal quarterly instalments after 12 month moratorium. First Instalment start at 15th month
16	STANDARD CHARTERED BANK	ECB	397.2 (USD 6.00 Million)	347.35		11.25%		20 equal quarterly instalments after 12 month moratorium. First Instalment start at 15th month
17	RBL Bank Ltd	TL	400.00	395.23		10.75% firmed by Interest Rate Swap	Discretion of the bank	Year 1 = Rs.0.50 Cr * 2 Qtr Year 2 = Rs. 1.00 Cr * 4 Qtr Year 3, 4, 5 = Rs. 2.18 Cr * 12 Qtr Year 6 = Rs. 2.18 Cr * 3 Qtr + Rs.2.3 Last Qtr
18	IDBI Bank Ltd	TL	320.00	303.49		MCLR(Y) + 345 bps: 12.10 % p.a.	2% on the outstanding loan amount	Repayable in 20 quarterly instalments after a moratorium period of 15 months.
19	BAJAJ FINANCE LTD	TL	500.00	486.26		9.90% w.e.f 1st Jan 2018	-	Repayable in 24 quarterly instalments after a moratorium period of 12 months.
20	Kotak Mahindra Bank	TL	320.00	281.87		10.65%	2% on the outstanding loan amount	Repayable in 20 quarterly instalments after a moratorium period of 12 months.
21	Indian Bank	TL	250.00	151.76		1 Year MCLR + 2.75% (Presently 11.10%)	2 % of the drawing limit or balance outstanding, whichever is higher.	Repayable in 24 quarterly instalments after a moratorium period of 15 months.
22	Indian Bank	TL	350.00	382.14		1 Year MCLR + 2.25% (Presently 10.60%)		Repayable in 60 monthly instalments after a moratorium period of 24 months.
23	Indian Bank	TL	368.00	82.93		1 Year MCLR + 1.50% (Presently 9.85%)		Repayable in 20 quarterly instalments of Rs. 1.84 Cr after a moratorium period of 2 years.

Note : All the loans above are secured by hypothecation of paripassu first charge on entire fixed assets and second paripassu charge on the movable current assets of the Company

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
15. NON-CURRENT FINANCIAL LIABILITIES- OTHERS						
Currency swap & IRS Derivative	14.25	10.01	27.72	60.86	64.06	74.40
Rent Advance	0.20	0.20	0.20	0.20	0.20	0.20
Total	**14.45**	**10.21**	**27.92**	**61.06**	**64.26**	**74.60**

Notes:
1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS derivatives are carried at fair value through Statement of Profit & Loss

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
16. LONG TERM PROVISIONS						
Other Provisions						
Provision for Warranty Cost	-	1.99	1.78	1.90	1.54	1.45
Total	**-**	**1.99**	**1.78**	**1.90**	**1.54**	**1.45**
Opening	1.99	1.78	1.90	1.54	1.45	1.43
Transferred to Short Term	(1.99)	(0.30)	(0.70)	(0.57)	(0.46)	(0.38)
Warranty provided	-	0.51	0.58	0.93	0.55	0.40
Closing	-	1.99	1.78	1.90	1.54	1.45
17. DEFERRED TAX LIABILITIES (NET)						
Deferred Tax Liabilities	1,353.26	1,319.09	1,162.31	1,061.18	903.94	722.94
Deferred Tax Assets	(456.87)	(417.52)	(176.18)	(148.73)	(87.60)	(57.73)
	896.39	**901.57**	**986.13**	**912.45**	**816.34**	**665.21**
MAT Credit Entitlement- Unused tax credit	(670.70)	(617.76)	(521.71)	(438.28)	(330.43)	(255.66)
Total	**225.69**	**283.81**	**464.42**	**474.17**	**485.91**	**409.55**

Note : Refer Note No 32 of Annexure VII for detailed deferred tax working and effective tax rate reconiliation

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
Movement in deferred tax (assets)/ liabilities						
Opening deferred tax (assets)/ liabilities (net of MAT Credit) (A)	283.81	464.42	474.17	485.91	409.55	372.21
Charged to profit or loss						
Depreciation & Amortization	47.33	137.70	101.13	157.24	181.00	131.76
Provision for loans and advances	1.65	15.82	(0.09)	(0.63)	(3.23)	(4.71)
Upfront fees	1.48	3.83	(1.61)	(1.96)	(0.82)	(1.97)
Provision for doubtful debts	(6.90)	(7.05)	3.44	(5.87)	(11.57)	(4.32)
Rent Straightlining	(2.51)	(3.78)	(3.78)	(3.67)	(4.25)	(3.96)
Unrecognised Exchange Gain/Loss	(16.01)	(10.00)	(24.19)	0.97	13.45	14.82
Unabsorbed Depreciation Loss	12.98	(320.71)	-	-	-	-
Tools Valuation	-	84.42	(3.90)	(40.53)	(15.77)	(11.43)
Derivative Instruments	(18.00)	29.81	10.05	(4.33)	(12.79)	(23.96)
Other temperorary differences	-	(1.21)	(9.98)	4.42	4.25	(1.52)
Total **(B)**	20.02	(71.17)	71.08	105.64	150.26	94.71
Charged to other comprehensive income						
Cash flow hedge reserve	(20.01)	(11.08)	(0.22)	(5.47)	-	-
Remeasurement of defined benefit obligation	(5.19)	(2.31)	2.82	(4.05)	0.87	0.75
Total **(C)**	(25.20)	(13.39)	2.60	(9.52)	0.87	0.75
MAT Credit (availed) / utilised (D)	(52.94)	(96.05)	(83.43)	(107.86)	(74.77)	(58.12)
Closing deferred tax (assets)/ liabilities (net of MAT Credit) (E = A + B + C + D)	225.69	283.81	464.42	474.17	485.91	409.55

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
18. SHORT TERM BORROWINGS						
Secured						
Loans repayable on demand from banks						
Rupee Loans	2,264.14	1,506.03	1,327.09	1,108.73	1,338.48	1,225.29
Foreign Currency Loans	363.56	529.39	527.73	377.65	230.50	250.39
A	**2,627.70**	**2,035.42**	**1,854.82**	**1,486.38**	**1,568.98**	**1,475.68**
Unsecured						
Rupee Loans	-	200.00	200.00	100.00	100.00	150.00
B	-	**200.00**	**200.00**	**100.00**	**100.00**	**150.00**
Total **A + B**	**2,627.70**	**2,235.42**	**2,054.82**	**1,586.38**	**1,668.98**	**1,625.68**

Short Term Borrowings from banks are secured by
a. first pari passu charge on current assets of the company.
b. second pari passu charge on fixed assets of the company.
In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director

Details of security and terms of short term borrowings:

Sr. No.	Name of the Lender	Facility	Amount sanctioned (Rs. Millions)	Amount outstanding (Rs. Millions)	Sanction Date	Security	Rate of interest	Repayment terms
1	State Bank of India (Consortium)	WC	4,040*		01-02-17	Hypothecation of Paripassu First Charge on Entire Current Assets and Second Paripassu Charge on the Movable Fixed Assets of the Company		Repayable on Demand
1.1	State Bank of India	WC	1,300	986	01-02-17		MCLR + 2.00% : 10.90% for CC MCLR + 0.55% : 9.45% for EPC	Repayable on Demand
1.2	HDFC Bank	WC	300	275	01-02-17		Linked to HDFC Bank MCLR, currently 10.50%	Repayable on Demand
1.3	Standard Chartered Bank	WC	600	510	01-02-17			Repayable on Demand
1.4	IDBI Bank Limited	WC	300	287	20-01-17		MCLR(Y) + 185 bps; : 10.40% p.a.	Repayable on Demand
1.5	ICICI Bank Limited	WC	400	16	19-10-17		9.40% on WCDL	Repayable on Demand
2	Indian Bank	WC	300	300	16-12-17		Cash Credit 10.35%	Repayable on Demand
3	RBL Bank Limited	WC	250	250	24-03-17		9.40% on WCDL	Repayable on Demand

*includes Rs.1,140.00 million non-fund based limit

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
19. TRADE PAYABLES						
Due to Micro and Small Enterprises-(MSME)	41.70	51.37	34.01	62.35	7.72	10.58
Due to other than MSME	3,282.66	2,864.27	1,902.77	1,663.46	1,333.65	895.53
Accrued Expenses and others	124.55	62.60	91.07	29.52	71.58	-
Total	**3,448.91**	**2,978.24**	**2,027.85**	**1,755.33**	**1,412.95**	**906.11**

The company is regular in making payments to the enterprises (as defined in MSMED Act, 2006) before the due dates agreed upon. Hence the question of payment / provision of interest towards belated payment does not arise. During the year there was no interest payment under this statute.

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
20. OTHER CURRENT FINANCIAL LIABILITIES						
Current maturities of long-term debt	1,375.96	1,193.81	953.70	864.98	801.41	588.89
Interest accrued but not due on borrowings	40.67	43.39	44.82	42.40	31.20	25.26
Currency swap , IRS & Forward cover derivative	113.71	66.44	81.70	99.27	68.98	25.55
Creditors for capital goods and services	134.55	521.24	108.92	168.88	159.62	83.77
Employee related liabilities	149.33	152.26	112.00	95.28	57.94	35.42
Others						
* Others	94.90	124.32	69.87	45.50	116.16	27.85
* Other dues to directors	51.07	9.64	2.78	18.20	28.56	37.54
Total	**1,960.19**	**2,111.10**	**1,373.79**	**1,334.51**	**1,263.87**	**824.28**
21. OTHER CURRENT LIABILITIES						
Advance from customers	219.52	246.36	214.36	529.44	304.61	269.50
Deferred Revenue- EPCG benefit	-	114.78	-	-	-	-
Statutory Dues	60.12	38.78	19.41	21.94	11.97	11.73
Others	-	0.74	-	-	-	-
Total	**279.64**	**400.66**	**233.77**	**551.38**	**316.58**	**281.23**

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
22. CURRENT TAX LIABILITIES (NET)						
Provision for Tax (Net)	-	-	-	13.54	-	-
Total	**-**	**-**	**-**	**13.54**	**-**	**-**
23. SHORT TERM PROVISIONS						
Provision for employee benefits						
Gratuity	32.72	10.15	8.93	26.38	8.94	9.23
Other Provisions						
Provision for Warranty Cost	4.14	3.04	4.05	2.93	2.39	2.25
Provision for Rejection	7.54	3.91	5.11	4.01	3.27	3.08
Total	**44.40**	**17.10**	**18.09**	**33.32**	**14.60**	**14.56**

Note:

Movement in Provision for product warranties is as follows :						
Opening	3.04	4.05	2.93	2.39	2.25	2.22
Expired during the period / year	(1.30)	(4.05)	(2.93)	(2.39)	(2.25)	(2.22)
Provision for the period / year	2.40	3.04	4.05	2.93	2.39	2.25
Closing	4.14	3.04	4.05	2.93	2.39	2.25

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 60 months.

Movement in Provision for rejection is as follows :						
Opening	3.91	5.11	4.01	3.27	3.08	3.03
Expired during the period / year	(3.91)	(5.11)	(4.01)	(3.27)	(3.08)	(3.03)
Provision for the period / year	7.54	3.91	5.11	4.01	3.27	3.08
Closing	7.54	3.91	5.11	4.01	3.27	3.08

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed and replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the PV of management's best estimate of possible rejections within the next one quarter.

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars		Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
24. REVENUE FROM OPERATIONS							
Sale of products;							
Domestic Sales		5,689.75	5,815.23	4,054.99	2,687.71	1,999.35	1,660.00
Export Sales		954.88	1,396.63	1,559.86	1,785.26	1,133.76	1,091.27
	A.	**6,644.63**	**7,211.86**	**5,614.85**	**4,472.97**	**3,133.11**	**2,751.27**
Sale of services;							
Machining Charges		3,233.78	3,817.24	3,391.72	3,308.22	3,084.13	3,202.41
Service Charges		7.64	6.39	3.71	3.52	7.96	3.02
	B.	**3,241.42**	**3,823.63**	**3,395.43**	**3,311.74**	**3,092.09**	**3,205.43**
Other operating revenues;							
Sale of swarf & others		744.36	750.75	645.51	714.85	601.69	639.14
Duty Drawback		18.33	25.14	22.39	24.95	14.53	-
EPCG income on fulfilling obligation		136.76	254.81	134.21	163.66	95.98	149.17
Export Incentive under MEIS		24.60	35.09	36.49	-	-	-
	C.	**924.05**	**1,065.79**	**838.60**	**903.46**	**712.20**	**788.31**
Revenue from operations (Gross)	**(A+B+C)**	**10,810.10**	**12,101.28**	**9,848.88**	**8,688.17**	**6,937.40**	**6,745.01**
25. OTHER INCOME	**Nature**						
Interest income:							
Interest Income from deposits	Recurring	7.09	14.71	8.62	5.47	6.08	8.70
Interest Income due to unwinding of fair valued assets							
Rent Advance	Recurring	3.39	3.52	2.14	1.83	1.52	1.21
Other non-operating income:							
Rental income	Recurring	1.76	2.38	2.27	2.27	2.14	2.02
Others - Other Income	Recurring	0.51	3.15	6.33	0.50	13.67	0.46

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars		Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
Other gains and losses:	**Nature**						
Exchange rate Gain/(Loss) on Transaction & Translation	Recurring	25.64	5.03	65.42	-	79.81	17.47
MTM Gain / (Loss) - Derivative -(Net)	Recurring	20.23	79.03	31.71	(18.20)	(33.10)	(73.83)
Net gain on sale of assets	Non-recurring	(0.04)	4.00	1.26	-	0.32	0.80
Total		**58.58**	**111.82**	**117.75**	**(8.13)**	**70.44**	**(43.17)**

The classification of other income as recurring/non-recurring, related/not-related to business activity is based on the current operations and business activity of the Company

26. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Cost of consumption	4,054.16	3,898.29	2,837.01	1,957.52	1,434.20	1,155.99
Carriage inward	112.06	123.60	100.34	80.49	45.97	57.95
Sub Contract Charges	26.53	40.67	46.47	37.75	58.11	143.51
Total	**4,192.75**	**4,062.56**	**2,983.82**	**2,075.76**	**1,538.28**	**1,357.45**

27. CHANGES IN INVENTORIES OF FG & WIP

Inventory at the end of the year						
Work in Progress	972.16	794.33	575.37	400.48	366.85	317.51
Finished Goods	92.06	103.39	103.13	113.75	163.49	169.85
Sub total	**1,064.22**	**897.72**	**678.50**	**514.23**	**530.34**	**487.36**
Inventory at the beginning of the year						
Work in Progress	794.33	575.37	400.48	366.85	317.51	254.42
Finished Goods	103.39	103.13	113.75	163.49	169.85	197.78
Sub total	**897.72**	**678.50**	**514.23**	**530.34**	**487.36**	**452.20**
(Increase) / decrease in inventory	**(166.50)**	**(219.22)**	**(164.27)**	**16.11**	**(42.98)**	**(35.16)**

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
28. EMPLOYEE BENEFITS EXPENSE						
Salaries and wages	1,215.69	1,216.35	1,004.86	853.31	666.75	618.54
Contributions to PF & ESI	44.44	46.04	40.07	33.24	23.00	26.68
Contribution to Gratuity fund	17.71	3.48	17.09	13.60	13.44	11.55
Staff welfare expenses	201.93	213.57	166.45	159.29	123.62	167.45
Total	**1,479.77**	**1,479.44**	**1,228.47**	**1,059.44**	**826.81**	**824.22**
29. DEPRECIATION AND AMORTISATION EXPENSE						
Depreciation on Property, Plant & Equipment	965.96	1,106.51	1,000.67	933.60	796.88	675.79
Amortisation of Intangible Assets (Software & Dev.Exp.)	36.66	33.04	19.17	17.49	13.52	7.67
Total	**1,002.62**	**1,139.55**	**1,019.84**	**951.09**	**810.40**	**683.46**
30. OTHER EXPENSES						
Manufacturing Expenses						
Stores, Spares & tool consumed	1,093.79	1,184.86	1,042.95	1,244.00	866.39	823.19
Power & Fuel	634.37	661.66	511.18	419.21	358.59	352.49
Repairs & Maintenance						
- Machinery	339.45	369.35	261.68	313.51	258.01	218.67
- Building	37.88	55.12	64.39	82.96	52.95	47.50
- Others	163.47	189.87	121.27	153.15	81.31	113.50
A.	**2,268.96**	**2,460.86**	**2,001.47**	**2,212.83**	**1,617.25**	**1,555.35**

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars		Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
Administrative Expenses							
Professional and Consultancy charges		56.04	54.88	55.82	53.22	30.94	45.50
Insurance Charges		29.68	34.51	23.96	15.41	19.03	15.76
Rates & Taxes		14.11	5.72	37.75	12.36	8.30	4.49
Software Licenses		26.47	17.34	-	0.77	-	-
General Administrative Expenses		61.89	47.63	52.95	48.85	43.83	44.37
Printing & Stationary		13.30	15.58	13.06	15.03	8.11	11.51
Postage & Telegrams		3.59	5.22	3.59	4.00	2.75	5.17
Rent		149.18	153.93	129.73	131.06	134.21	137.16
Telephone Expenses		21.62	23.89	19.40	17.17	19.38	16.08
Travelling Expenses		106.61	113.21	79.08	73.80	71.95	66.71
Exchange rate gain/loss on transaction & translation		(0.13)	49.27	0.71	63.37	-	-
Managerial Remuneration		48.11	89.05	30.22	30.45	31.81	38.83
Directors' Sitting Fees		0.46	0.38	0.42	0.46	0.44	0.50
Remuneration to auditors							
Statutory Audit		3.90	4.40	3.18	5.57	3.74	1.39
Taxation and Certification		0.26	2.04	1.97	-	-	1.56
Net loss on sale of assets		-	-	-	21.54	-	-
CSR Expenses		3.56	3.92	2.90	0.29	-	-
Amounts written off							
Bad debts		-	6.65	-	18.53	7.35	0.08
Tender deposits		-	1.90	-	-	-	-
Provisions for the year							
Doubtful advances		-	4.73	-	-	-	-
Warranty		(0.90)	(0.79)	0.99	0.90	0.23	0.05
Rejections		3.63	(1.20)	1.10	0.75	0.19	0.04
Doubtful debts		(0.69)	20.38	(18.37)	18.82	20.10	13.29
	B.	**540.69**	**652.64**	**438.46**	**532.35**	**402.36**	**402.49**
Selling expenses							
Packing material consumed		101.82	114.33	75.54	69.08	67.67	89.69
Carriage Outward		159.38	163.11	109.24	83.96	54.91	69.59
Sales Promotion Expenses		24.46	28.05	24.49	35.19	31.00	21.48
	C.	**285.66**	**305.49**	**209.27**	**188.23**	**153.58**	**180.76**
Total (A+B+C)		**3,095.31**	**3,418.99**	**2,649.20**	**2,933.41**	**2,173.19**	**2,138.60**

Annexure VII: Notes to restated consolidated financial information (Rupees in Millions)

Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
31. FINANCE COST						
Interest expenses						
On Short Term Borrowings	343.75	346.21	276.33	246.09	216.14	198.93
On Long Term Borrowings at Amortised Cost	392.62	454.36	360.05	301.21	276.89	260.08
Other Borrowing costs						
Unwinding of discounted Upfront fee on loans	4.78	4.23	4.85	5.76	6.36	6.07
Unwinding of Rent Advance	3.39	3.52	2.14	1.83	1.52	1.21
Other bank charges	35.00	86.70	69.96	46.52	22.92	44.13
Net gain/loss on foreign currency transactions and translation	(8.60)	1.56	84.74	42.28	(18.92)	(24.60)
Total	**770.94**	**896.58**	**798.07**	**643.69**	**504.91**	**485.82**

32. INCOME TAX

Income tax expense for the period / year reconciled to accounting profit:

Particulars		Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
Profit before tax	a	171.34	354.90	554.08	313.66	420.25	539.08
Income tax rate	b	34.608%	34.608%	34.608%	33.990%	33.990%	32.445%
Income tax expenses	a*b	59.30	122.82	191.76	106.61	142.84	174.90
Effect of							
i) Investment Allowance under 32AC		-	(135.15)	(49.71)	(96.15)	-	-
ii) Allowance under 80JJAA		-	-	(21.04)	(19.78)	(33.07)	(24.20)
iii) EPCG Benefit Capitalisation not considered for Income Tax purpose		(38.75)	(86.02)	(9.62)	(24.99)	1.90	(18.61)
iv) Difference due to change in tax rate		-	-	5.63	-	10.24	-
v) Effect of PPE reclassification not considered for Income Tax purpose		7.18	15.95	19.94	24.48	-	-
vi) Tax free income of overseas subsidiaries		(7.38)	1.75	13.69	(34.01)	(11.49)	(6.85)
vii) Effect of other allowances		(0.32)	9.68	(42.60)	149.48	76.01	31.05
Income tax expense recognised in Statement of Profit & loss		20.03	(70.97)	108.05	105.64	186.43	156.29

Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
33. EARNINGS PER SHARE						
Earnings per share						
Basic earnings per share (Rs.)	150.40	423.30	443.33	206.76	232.41	405.65
Diluted earnings per share (Rs.)	150.40	423.30	443.33	206.76	232.41	405.65
Face value per share (Rs.)	100.00	100.00	100.00	100.00	100.00	100.00
Profit for the period/year attributable to equity shareholders (In Millions)	151.31	425.87	446.03	208.02	233.82	382.79
Total number of equity shares outstanding at the end of the year	1,006,080	574,903	574,903	574,903	574,903	574,903
Weighted average number of equity shares						
used in the calculation of basic earnings per share	1,006,080	1,006,080*	1,006,080*	1,006,080*	1,006,080*	943,637*
after adjustment for effect of dilution	1,006,080	1,006,080*	1,006,080*	1,006,080*	1,006,080*	943,637*

* due to issue of bonus shares on December 21, 2017

Note: EPS for the period ended December 31, 2017 is not annualised

34. EMPLOYEE BENEFITS

Defined contribution plan

The employee provident fund is in the nature of Defined contribution plan. The contribution made to the scheme is considered as expense in the statement of Profit and

(Rupees in Millions)

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
The total expenses recognised in statement of profit or loss represent contribution payable by the Company at rates specified in the rules of the plan.	26.40	31.70	31.56	24.51	15.89	18.96

Defined benefit plans

The company extends defined benefit plan in the form of gratuity to employees. The company makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Company's liability is determined based on actuarial valuation done at the period ended 31.12.2017 as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of Rs.1.00 million. Vesting occurs upon completion of five years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.
Marketing Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The principal assumptions used for the purposes of the actuarial valuations were as follows

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Discount rate	7.50%	7.32%	7.98%	7.87%	9.16%	8.00%
Expected rate of salary increase	8.00%	6.00%	7.50%	7.87%	8.00%	8.00%
Attrition rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

(Rupees. in Millions)

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Current Service Cost	17.40	3.20	16.06	15.83	12.70	10.06
Net interest expense/ (income)	0.30	0.30	1.03	(2.23)	0.74	1.49
Component of defined benefit cost recognised in P&L	17.70	3.50	17.09	13.60	13.44	11.55
Remeasurement on the net defined benefit liability comprising:						
Actuarial (gain)/loss arising from changes in financial assumptions	(5.50)	(5.60)	(5.32)	15.03	(4.07)	1.00
Actuarial (Gain)/ Losses due to Experience on DBO	20.60	12.90	(2.59)	(4.15)	2.32	(2.60)
Return on Plan Assets (Greater) / Less than Disount rate	-	(0.60)	(0.24)	1.05	(0.92)	(0.72)
Components of defined benefit costs recognised in other comprehensive income	15.10	6.70	(8.15)	11.93	(2.68)	(2.32)
Total Defined Benefit Cost	**32.80**	**10.20**	**8.93**	**25.53**	**10.76**	**9.23**

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Present value of defined benefit obligation	146.40	113.90	104.36	99.25	78.41	62.43
Fair value of plan assets	113.70	103.70	95.43	73.48	67.66	57.50
Net liability arising from defined benefit obligation (funded)	(32.70)	(10.20)	(8.93)	(25.76)	(10.75)	(4.93)

Movements in the present value of the defined benefit obligation in the current period/year were as follows:

(Rupees in Millions)

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Opening defined benefit obligation	113.90	104.30	99.25	78.41	62.43	52.35
Current Service Cost	17.40	3.20	16.06	15.83	12.70	10.06
Interest Cost	6.20	7.30	7.50	5.82	5.51	4.13
Benefits paid	(6.20)	(8.20)	(10.53)	(8.96)	(4.55)	(1.51)
Actuarial (gain)/loss	15.00	7.30	(7.91)	8.14	2.32	(2.60)
Closing defined benefit obligation	146.40	113.90	104.36	99.25	78.41	62.43

Movements in fair value of plan assets in the current period/year were as follows:

Opening fair value of plan assets	103.80	95.40	73.48	67.66	57.50	11.66
Interest income of the assets	5.90	7.00	6.47	5.38	4.78	2.63
Employer contribution	10.20	8.90	25.76	10.45	9.00	44.00
Benefits payout	(6.20)	(8.20)	(10.53)	(8.96)	(4.55)	(1.51)
Actuarial (gain)/loss	0.07	0.60	0.24	(1.05)	0.92	0.72
Closing fair value of plan assets	**113.70**	**103.70**	**95.43**	**73.48**	**67.66**	**57.50**

The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets	6.00	7.60	6.70	4.34	5.70	3.35

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been

If the discount rate is 100 basis points higher/lower, the defined benefit obligation would

Decrease to	131.70	102.10	93.25	88.63
Increase to	163.90	126.10	115.65	110.25

If the expected salary is 100 basis points higher/lower, the defined benefit obligation would

	(Rupees in Millions)			
	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015
Increase to	156.80	122.60	111.61	105.99
Decrease to	136.30	104.40	95.88	91.47
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would				
Increase to	147.50	114.90	104.81	99.39
Decrease to	145.10	110.90	101.91	97.40

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.

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 each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no

Funding arrangements

The company has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the Company will be able to meet the past service liability on the valuation date that falls due in the future.

The Company expects to make, to the defined benefit plans for the next financial year, a contribution of .	11.30	11.70	9.60	11.23

Information on the maturity profile of the liabilities:

Weighted average duration of the DBO	14.49 years	14.49 years	14.70 years	14.92 years
	Rs. Millions	**Rs. Millions**	**Rs. Millions**	**Rs. Millions**
Projected Benefit Obligation	146.40	113.90	104.36	99.25
Accumulated Benefits Obligation	94.70	73.30	61.60	57.73

Maturity Profile (Para 147 C of Ind AS 19):

Year (i)	9.20
Year (ii)	13.00
Year (iii)	9.70
Year (iv)	11.50
Year (v)	10.90
Next 5 year pay-outs(6-10yrs)	56.20
Pay-outs above ten years	84.50

35. FINANCIAL INSTRUMENTS

35.a. Capital Management:

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Company. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Company finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

(Rupees in Millions)

	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016	As at Mar 31 2015	As at Mar 31 2014	As at Mar 31 2013
Debt (long-term and short-term borrowings including current maturities)	8,456.31	7,770.30	6,167.58	5,490.51	5,236.49	4,846.35
Equity	5,876.34	5,767.33	5,339.02	4,922.90	4,582.16	4,363.28
Debt Equity Ratio (times)	**1.44**	**1.35**	**1.16**	**1.12**	**1.14**	**1.11**

35.b. Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

35.b.(i) Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

- Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Rupees in Millions)

Liabilities	Currency	As at Dec 31 2017		As at March 31 2017		As at March 31 2016		As at March 31 2015		As at March 31 2014		As at March 31 2013	
		Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs
Payable (trade & other)	**USD**	**7.99**	**515.44**	4.69	315.25	2.33	155.99	1.02	63.92	0.30	18.48	0.08	4.38
	JPY	**67.10**	**38.59**	543.62	325.28	210.05	126.51	2.90	1.53	0.03	0.02	7.30	4.29
	EUR	**0.09**	**6.99**	0.25	17.76	0.05	3.51	0.25	17.11	0.38	31.82	0.07	4.83
	GBP	**0.00**	**0.03**	0.02	1.63	0.00	0.22	0.04	3.42	0.01	1.22	0.00	0.04
	CHF	**0.00**	**0.00**	-	-	0.08	5.51	-	-	0.00	0.04	-	-
	AUD	**-**	**-**	-	-	0.00	0.14	-	-	0.00	0.01	-	-
	SEK	**-**	**-**	-	-	-	-	0.03	0.20	-	-	-	-
	CAD	**-**	**-**	-	-	-	-	0.00	0.18	0.00	0.22	-	-
Borrowings (ECB and Others)	**USD**	**53.07**	**3,400.14**	43.46	2,845.29	37.33	2,483.79	41.98	2,620.83	42.80	2,581.33	43.62	2,383.23
	JPY	**90.28**	**51.47**	120.37	70.39	183.57	110.34	294.73	150.26	446.13	255.88	631.06	359.90
	EUR	**-**	**-**	0.85	59.71	-	-	-	-	-	-	-	-
Total Payables (A)			**4,012.67**		3,635.30		2,886.03		2,857.45		2,889.00		2,756.66
Hedged by derivative contracts (B)			**2,006.45**		936.09		450.77		1,575.87		1,343.94		1,027.90
Unhedged payables (C=A-B)			**2,006.22**		2,699.21		2,435.26		1,281.59		1,545.07		1,728.76

(Rupees in Millions)

Assets	Currency	As at Dec 31 2017		As at March 31 2017		As at March 31 2016		As at March 31 2015		As at March 31 2014		As at March 31 2013	
		Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs
Receivables	**USD**	**3.29**	**206.89**	6.24	399.45	3.70	243.60	1.86	111.09	4.52	267.86	4.02	217.19
	EUR	**1.31**	**98.57**	1.50	102.23	1.14	85.25	2.15	144.78	0.97	78.41	0.89	61.25
	GBP	**-**	**-**	-	-	0.00	0.37	0.05	4.44	0.00	0.04	-	-
Total Receivables (A)		**-**	**305.46**	-	501.68	-	329.22	-	260.31	-	346.32	-	278.44
Hedged by derivative contracts (B)		**-**	**-**	-	-	-	-	-	26.14	-	-	-	-
Unhedged receivables (C=A-B)		**-**	**305.46**	-	501.68	-	329.22	-	234.18	-	346.32	-	278.44

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. The following table details the Company's sensitivity movement in the unhedged foreign exposure:

(Rupees in Millions)

Currency	1% Strengthening of FC					
	Dec-17	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
USD	(37.09)	(27.61)	(23.96)	(25.74)	(23.32)	(21.70)
JPY	(0.90)	(3.96)	(2.37)	(1.52)	(2.56)	(3.64)
EUR	0.92	0.25	0.82	1.28	0.47	0.56
GBP	(0.00)	(0.02)	0.00	0.01	(0.01)	(0.00)
CHF	(0.00)	-	(0.06)	-	(0.00)	-
AUD	-	-	(0.00)	-	(0.00)	-
SEK	-	-	-	(0.00)	-	-
CAD	-	-	-	(0.00)	(0.00)	-
	(37.07)	**(31.34)**	**(25.57)**	**(25.97)**	**(25.43)**	**(24.78)**

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

(Rupees in Millions)

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at Dec 31 2017	As at March 31 2017	As at Dec 31 2017	As at March 31 2017	As at Dec 31 2017	As at March 31 2017
Sell USD	-	3.25	-	218.78	-	212.16

Note:
Included in the balance sheet under ‘other current financial liabilities’. [Refer Notes 20 of Annexure VII]

Interest rate risk management:

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Company by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

(Rupees in Millions)

Base Rate	Increase in Baserate	Effect of Change in interest		Outstanding as on	
		2017-18	2016-17	As at Dec 31 2017	As at March 31 2017
USD Libor	25 bps	0.09	0.48	34.14	190.35
INR Baserate	50 bps	8.42	15.52	3,366.71	3,103.09
				3,400.85	**3,293.44**

A decrease in interest rates would have the opposite effect to the impact in the table above.

Foreign currency and interest rate sensitivity analysis for swap contracts:

The Company has taken cross currency and interest rate swap (CCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together.

	31-Dec-17	31-Mar-17
The mark-to-market loss as at the end of the period / year	19.10	26.70
The amount recognized in Statement of Profit and Loss for the period	7.60	18.70

In addition to the above contract, the company has taken a call option contract and interest rate swaps which are not designated as hedges.

	31-Dec-17	31-Mar-17
The mark-to-market loss as at the end of the period / year	1.10	7.20
The amount recognized in Statement of Profit and Loss for the period	6.00	41.90

In case of currency swaps, the effective portion of cash flow hedges, is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. Amounts recognised as Other Comprehensive Income (OCI) are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

	31-Dec-17	31-Mar-17
The mark-to-market loss as at the end of the period / year	107.70	35.90
The amount recognized in Statement of OCI for the period / year	57.80	46.10*

* In respect of foreign currency loan which was drawn down by the Company on 5th April 2016, the company hedged the same by a derivative contract on 31 March 2016. In view of the above the MTM loss of Rs.25.00 million as of 31st March 2016 was recognized in the Statement of Profit and Loss. In FY 2016-17, considering the effectiveness of the hedge, the same has been transferred to OCI.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

- Trade receivables:

The Company periodically assesses the financial reliability of customers / corporates taking into account the financial condition, current economic trends, analysis of The company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes

Movement in Credit loss allowance **(Rupees in Millions)**

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Balance as at beginning of the period / year	70.85	50.62	61.51	42.84	22.74	9.47
Allowance for bad and doubtful during the period / year	(0.56)	26.88	(10.89)	37.20	27.45	13.35
Trade receivables written off during the period / year	-	(6.65)	-	(18.53)	(7.35)	(0.08)
Balance as at the end of the period / year	70.29	70.85	50.62	61.51	42.84	22.74

- Other financial assets:

None of the Group's other cash equivalents, including time deposits with banks, are past due or impaired.

35.b(ii) Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the

(Rupees in Millions)

	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
As at Dec 31 2017				
Bank and other borrowings	4,003.66	4,141.50	311.15	8,456.31
Interest payments on borrowings	571.19	1,027.38	34.59	1,633.17
Trade Payables	3,444.16	-	-	-
As at March 31 2017				
Bank and other borrowings	3,429.22	3,598.33	742.75	7,770.31
Interest payments on borrowings	497.99	914.33	47.67	1,459.99
Trade Payables	2,981.42	-	-	-
As at March 31 2016				
Bank and other borrowings	3,047.81	2,777.56	342.21	6,167.58
Interest payments on borrowings	360.91	661.60	64.64	1,087.15
Trade Payables	2,014.02	-	-	-
As at March 31 2015				
Bank and other borrowings	2,580.54	2,580.54	329.43	5,490.52
Interest payments on borrowings	335.20	629.76	50.79	1,015.75
Trade Payables	1,752.38	-	-	-
As at March 31 2014				
Bank and other borrowings	2,461.15	2,461.15	314.19	5,236.49
Interest payments on borrowings	319.69	600.63	48.44	968.75
Trade Payables	1,368.98	-	-	-

	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
				(Rupees in Millions)
As at March 31 2013				
Bank and other borrowings	2,277.78	2,277.78	290.78	4,846.34
Interest payments on borrowings	295.87	555.87	44.83	896.57
Trade Payables	867.34	-	-	-

The table below summarizes the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis

	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
				(Rupees in Millions)
As at Dec 31 2017				
Currency & Interest Rate Swaps	113.71	14.25	-	127.96
Foreign exchange forwards	-	-	-	-
As at March 31 2017				
Currency & Interest Rate Swaps	59.83	10.01	-	69.83
Foreign exchange forwards	6.62	-	-	6.62
As at March 31 2016				
Currency & Interest Rate Swaps	81.70	27.72	-	109.42
Foreign exchange forwards	-	-	-	-
As at March 31 2015				
Currency & Interest Rate Swaps	99.20	60.86	-	160.06
Foreign exchange forwards	0.08	-	-	0.08
As at March 31 2014				
Currency & Interest Rate Swaps	68.98	64.06	-	133.04
Foreign exchange forwards	-	-	-	-

	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
				(Rupees in Millions)
As at March 31 2013				
Currency & Interest Rate Swaps	25.55	74.40	-	99.94
Foreign exchange forwards	-	-	-	-

35.c Categories of Financial assets and liabilities:

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Financial Assets						
a. Measured at amortised cost:						
Investments	13.42	11.43	9.20	8.62	8.40	7.87
Cash and cash equivalents	546.04	397.44	165.10	166.90	70.01	117.20
Trade Receivables	1,901.95	1,741.11	1,348.10	1,254.35	1,318.31	951.01
Security Deposit	170.00	137.87	118.27	104.93	176.35	178.27
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)						
Investments	26.40	14.86	14.88	14.61	13.40	13.33
Financial Liabilities						
a. Measured at amortised cost:						
Borrowings	8,456.31	7,770.30	6,167.58	5,490.51	5,236.49	4,846.35
Trade Payables	3,448.91	2,978.24	2,027.85	1,755.33	1,412.95	906.11
Other Financial Liabilities	470.72	851.05	338.59	370.46	393.68	210.04
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)						
Currency Swaps & IRS	107.69	35.95	14.90	8.90	-	-
c. Mandatorily maintained at fair value through profit or loss (FVTPL)						
Currency Swaps & IRS	20.28	33.89	94.52	151.16	133.04	99.94
Others	-	6.62	-	0.08	-	-

35.d Categories of Financial assets and liabilities:

i) **Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:**

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below

(Rupees in Millions)

	31-Dec-17	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**	**31-Mar-13**
Assets at fair value						
Investments measured at						
i) fair value through OCI						
• Level 1	0.07	0.05	0.03	0.03	0.04	0.03
• Level 2	14.82	14.81	14.85	14.58	13.36	13.30
• Level 3	11.51	-	-	-	-	-
	26.40	14.86	14.88	14.61	13.40	13.33
Liabilities at fair value						
Derivative instruments measured at						
i) fair value through OCI						
• Level 1	-	-	-	-	-	-
• Level 2	107.69	35.95	14.90	8.90	-	-
• Level 3	-	-	-	-	-	-
	107.69	35.95	14.90	8.90	-	-
i) fair value through P&L						
• Level 1	-	-	-	-	-	-
• Level 2	20.28	40.51	94.52	151.24	133.04	99.94
• Level 3	-	-	-	-	-	-
	20.28	40.51	94.52	151.24	133.04	99.94

Calculation of Fair Values:

The fair values of the financial assets and liabilities are defined as 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. Methods and assumptions used to estimate the fair values are consistent with those used.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

- The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

36. Related party disclosure:

S.No	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
A	Other related parties						
1	Joint Venture	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*
2	Company with common directors	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited* *Mastercraft Engineers Private Limited (upto 27.02.13)*
3	Key Management Personnel	*Mr. Srinivasan Ravi, Chairman And Managing Director* *Mr. Ravi Gauthamram, Whole Time Director* *Mr. Chandrashekar Bhide, Director* *Mr. Chandramohan Natarajan, Whole Time Director*	*Mr. Srinivasan Ravi, Chairman And Managing Director* *Mr. Ravi Gauthamram, Director (WTD w.e.f 25.08.16)* *Mr. Chandrashekar Bhide, Director* *Mr. Chandramohan Natarajan, Whole Time Director (w.e.f 24.06.16)*	*Mr. Srinivasan Ravi, Chairman And Managing Director* *Mr. R Gauthamram- Director* *Mr. G Srinivasan - Director* *Mr. Chandrashekar Bhide, Director*	*Mr. Srinivasan Ravi, Chairman And Managing Director* *Mr. R Gauthamram- Director* *Mr. G Srinivasan - Director* *Mr.K.Gomatheswaran - Director (till 18.06.14)*	*Mr. Srinivasan Ravi, Chairman and Managing Director (w.e.f 13.11.13)* *Mr. K Gomatheswaran, Director (WTD till 08.01.14)* *Mr. G Srinivasan, Director (Chairman till 12.11.13)* *Mr.K.Ajit Kumar, Nominee Director (till 10.01.14)*	*Mr. Srinivasan Ravi, Managing Director* *Mr. K Gomatheswaran, Whole Time Director* *Mr. G Srinivasan, Chairman* *Mr.K.Ajit Kumar, Nominee Director*

S.No	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
		Mr. Sundararaman Kalyanaraman, Director (w.e.f. 30.06.17) *Mr. Udai Dhawan, Nominee Director* *Mr. Kallakurichi Kanniah Balu, Director* *Mr. Sivakumar Gopalan, Chief Financial Officer* *Mr. Shainshad Aduvanni, Company Secretary* *(W.E.F. Apr 29'2017 To Aug 11'2017 & W.E.F Nov 16'2017)* *Mr. Rajamanickam S, Company Secretary (Upto Apr-17)* *Mr. N.V.S. Pavankumar (Aug 12'2017 To Nov 15'2017)*	*Mr. G Srinivasan - Director* *Mr. Srinivasan Govindasamy Naidu, Director (from 25.11.16)* *Mr. Udai Dhawan, Director (till 27.10.16)* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director (till 27.08.16)* *Mr. Sivakumar Gopalan, Chief Financial Officer* *Mr. Rajamanickam, Company Secretary* *Mr. Shainshad Aduvanni, Deputy Company Secretary*	*Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director* *Mr. Sivakumar Gopalan, Chief Financial Officer (w.e.f 10.03.16)* *Mr. Rajamanickam, Company Secretary*	*Mr. Chandrashekar Bhide, Director* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director* *Mrs. Leena M Sathyanarayan, Chief Financial Officer (w.e.f 28.04.2014 till 14.01.2015)* *Mr. Rajamanickam, Company Secretary*	*Mr. Chandrashekar Bhide, Director* *Mr. R Gauthamram-Director (w.e.f. 20.02.2014)* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director* *Mr. R.Sarathy, Chief Financial Officer (till 17.10.13)* *Mr. Rajamanickam, Company Secretary*	*Mr. Chandrashekar Bhide, Director* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director (w.e.f 02.08.12)* *Mr. R.Sarathy, Chief Financial Officer* *Mr. Rajamanickam, Company Secretary*

B. Related party transactions and balances - summary **(Rupees in Millions)**

Transactions during the period/ year ended	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Purchase of Goods & Services	Joint Ventures	14.95	12.93	13.25	10.27	7.42	35.68
	Common director - company	6.62	13.95	27.32	4.28	4.45	2.37
Sale of Goods & Services	Joint Ventures	80.87	76.61	43.26	34.06	30.36	57.94
	Common director - company	1.08	7.61	10.71	4.40	2.09	8.47
Dividend payments	Key Management Personnel	3.04	3.04	3.04	3.44	3.44	3.44
Remuneration to key manageme	Key Management Personnel	35.00	44.70	14.57	15.20	19.04	22.54
Commission	Key Management Personnel	15.99	53.06	13.68	20.25	17.23	22.93
Sitting Fee	Key Management Personnel	0.46	0.38	0.42	0.46	0.44	0.50
Rent paid	Key Management Personnel	-	-	-	-	2.96	1.36
Rental Income	Joint Ventures	0.16	0.20	0.18	0.18	0.18	0.18
	Common director - company	1.62	2.20	2.09	2.09	1.96	1.84

(Rupees in Millions)

Balance as at	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Trade Receivables	Joint Ventures	44.34	7.41	2.88	1.74	7.59	7.95
	Common director - company	0.24	1.16	3.95	0.53	1.09	3.84
Trade Payables	Joint Ventures	0.70	-	1.32	0.92	0.19	2.58
	Common director - company	8.50	5.71	1.24	0.10	2.39	-
Remuneration payable	Key Management Personnel	51.07	9.64	3.48	6.28	36.98	36.27
Rent advance received	Common director - company	0.20	0.20	0.20	0.20	0.20	0.20

C.Significant related party transactions and balances

(Rupees in Millions)

Transactions during the period/ year ended	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Purchase of Goods & Services							
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	14.95	12.93	13.25	10.27	7.42	35.68
MC Craftsman Machinery Private Limited	Common director - company	6.62	13.95	27.32	4.28	4.45	2.28
Mastercraft Engineers Private Limited	Common director - company	-	-	-	-	-	0.09
Sale of Goods & Services							
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	80.87	76.61	43.26	34.06	30.36	57.94
MC Craftsman Machinery Private Limited	Common director - company	1.08	7.61	10.71	4.40	2.09	4.70
Mastercraft Engineers Private Limited	Common director - company	-	-	-	-	-	3.77

Transactions during the period/ year ended	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Dividend payments							
Executive Directors	Key Management Personnel	3.04	3.04	3.04	3.44	3.44	3.44
Remuneration to key management personnel							
Executive Directors	Key Management Personnel	27.66	35.90	12.30	10.65	14.58	15.90
Chief Financial Officer	Key Management Personnel	5.21	6.69	0.39	2.81	2.72	4.90
Company Secretary	Key Management Personnel	2.14	2.05	1.88	1.74	1.74	1.74
Commission							
Executive Directors	Key Management Personnel	14.14	50.66	11.88	18.45	16.11	21.65
Non-Executive	Key Management Personnel	1.85	2.40	1.80	1.80	1.13	1.28
Sitting Fee							
Non-Executive	Key Management Personnel	0.46	0.38	0.42	0.46	0.44	0.50
Rent Income							
Carl Stahl Craftsman Enterprises Pvt Ltd	Joint Venture	0.16	0.20	0.18	0.18	0.18	0.18
MC Craftsman Machinery Pvt Ltd	Common director - company	1.62	2.20	2.09	2.09	1.96	1.84

(Rupees in Millions)

Balances of Related Parties as on	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Trade Receivable							
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	44.34	7.41	2.87	1.74	7.59	7.95
MC Craftsman Machinery Private Limited	Common director - company	0.24	1.16	3.95	0.53	1.09	0.58
Mastercraft Engineers Private Limited	Common director - company	-	-	-	-	-	3.26
Trade Payable							
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	0.70	-	1.32	0.92	0.19	2.58
MC Craftsman Machinery Private Limited	Common director - company	8.50	5.71	1.24	0.10	2.39	-
Rent advance received							
MC Craftsman Machinery Private Limited	Common director - company	0.20	0.20	0.20	0.20	0.20	0.20

37. Contingent Liabilities and Capital Commitments

37.a. Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
i. Claims against the company not acknowledged as debt						
Excise	12.60	12.84	6.63	9.84	9.07	5.58
Service tax	7.22	0.43				
Income tax	69.42	57.21	48.92	48.92	52.47	52.47
ii. Bank Guarantee (Net of Margin)	**95.19**	**110.98**	**121.33**	**171.11**	**37.32**	**35.04**
iii. On Import / Inland Letter of Credit opened by banker (Net of Margin)	**56.34**	**23.18**	**21.09**	**-**	**-**	**63.34**
iv. Export Obligation under EPCG Scheme						
Proportionate customs duty on imports related to pending obligations	58.58	68.93	61.05	50.64	47.62	51.63
* Cumulative obligation	1,555.73	1,525.57	1,321.08	1,212.08	1,069.46	994.97
* Obligation fullfilled	1,204.26	1,112.01	970.44	923.90	828.32	714.07
37.b. Commitment on Capital Account	785.40	388.30	360.60	724.10	588.79	437.71

38. Operating lease arrangements

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
38.a. Company as lessee						
Rent	145.58	149.31	125.10	123.07	128.16	130.69
Non-cancellable operating lease commitments						
Not later than 1year	109.51	108.06	92.31	59.82	44.67	42.91
Later than 1 year but not later than 5 years	349.71	351.47	358.71	238.48	178.31	171.62
Later than 5 years	227.44	291.30	343.07	315.28	358.18	401.09
38.b. Company as lessor						
Non-cancellable operating lease commitments						
Not later than 1year	2.19	2.19	2.10	1.51	2.27	2.14
Later than 1 year but not later than 5 years	-	1.35	3.54	-	1.51	3.78
Later than 5 years	-	-	-	-	-	-

39. The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
The principal amount due to Micro, Small and Medium Suppliers under this Act	41.70	51.37	34.01	62.35	7.72	10.58
Interest accrued and due to suppliers on the above amount	Nil	Nil	Nil	Nil	Nil	Nil
Interest paid to suppliers under this Act (Section 16)	Nil	Nil	Nil	Nil	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil	Nil	Nil	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the period/year	Nil	Nil	Nil	Nil	Nil	Nil
Interest accrued and remaining unpaid at the end of period/year to suppliers under this Act	Nil	Nil	Nil	Nil	Nil	Nil
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil	Nil	Nil	Nil	Nil

40. CSR Expenses

(Rupees in Millions)

	31-Mar-17	31-Mar-16	31-Mar-15
(a) Gross amount required to be spent by the company during the year as per section 135 of the Companies Act, 2013 read with Schedule VII	10.15	11.70	12.70
(b) Amount spent during the year	3.92	2.90	0.29

41. Segment reporting

(Rupees in Millions)

Segment revenue	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Automotive - Powertrain & Others	6,074.82	7,195.85	5,799.04	5,807.09	4,809.79	4,725.49
Automotive - Aluminium Products	1,705.88	1,307.74	776.56	263.85	87.15	41.69
Industrial & Engineering	3,029.40	3,597.69	3,273.28	2,617.23	2,040.46	1,977.83
Total revenue as per Statement of Profit and Loss	**10,810.10**	**12,101.28**	**9,848.88**	**8,688.17**	**6,937.40**	**6,745.01**

(Rupees in Millions)

Segment profit or loss	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Automotive - Powertrain & Others	967.12	1,027.82	1,046.71	1,216.45	994.55	1,117.94
Automotive - Aluminium Products	49.09	174.70	98.74	34.82	6.22	1.24
Industrial & Engineering	217.46	449.01	369.72	27.86	11.30	65.95
Total Segments	1,233.67	1,651.53	1,515.17	1,279.13	1,012.07	1,185.13
Less: Unallocable expenditure	(351.96)	(514.11)	(281.35)	(313.87)	(157.87)	(117.48)
Add: Other income	60.57	114.06	118.33	(7.91)	70.96	(42.75)
Earnings Before Interest & Tax	942.28	1,251.48	1,352.15	957.35	925.16	1,024.90
Less: Finance costs	(770.94)	(896.58)	(798.07)	(643.69)	(504.91)	(485.82)
Profit Before Tax as per Statement of Profit and Loss	**171.34**	**354.90**	**554.08**	**313.66**	**420.25**	**539.08**

(Rupees in Millions)

Segment assets	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Automotive - Powertrain & Others	8,020.46	7,930.34	7,113.67	7,578.67	7,701.05	6,867.01
Automotive - Aluminium Products	3,224.39	2,813.36	1,747.14	1,278.51	713.12	643.45
Industrial & Engineering	4,778.86	4,741.85	3,437.05	2,635.01	2,378.82	2,098.62
Total Segments	16,023.71	15,485.55	12,297.86	11,492.19	10,792.99	9,609.08
Add: Unallocable assets	2,906.26	2,661.39	2,402.66	2,281.46	1,783.96	1,523.43
Total assets as per Balance Sheet	**18,929.97**	**18,146.94**	**14,700.52**	**13,773.65**	**12,576.95**	**11,132.51**

(Rupees in Millions)

Segment liabilities	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Automotive - Powertrain & Others	5,657.69	4,867.09	3,832.23	3,625.81	3,760.64	3,438.60
Automotive - Aluminium Products	2,135.08	2,335.88	1,326.55	1,302.74	923.90	369.11
Industrial & Engineering	3,656.06	3,350.12	2,560.30	2,267.44	1,857.08	1,761.34
Total Segments	11,448.83	10,553.09	7,719.08	7,195.99	6,541.62	5,569.05
Add: Unallocable liabilities	1,604.80	1,826.52	1,642.42	1,654.76	1,453.17	1,200.18
Total liabilities as per Balance Sheet	**13,053.63**	**12,379.61**	**9,361.50**	**8,850.75**	**7,994.79**	**6,769.23**

Annexure VIII : Restated Statement of Dividend paid

Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Number of fully paid equity shares	1,006,080	574,903	574,903	574,903	574,903	574,903
Face Value (Rs.)	100.00	100.00	100.00	100.00	100.00	100.00
Equity Share Capital (Rs. Millions)	100.61	57.49	57.49	57.49	57.49	57.49
Rate of Dividend	-	10%	10%	10%	10%	10%
Amount of Dividend (Rs. Millions)	-	5.75	5.75	5.75	5.75	5.39*
Dividend Tax Rate	-	20%	20%	20%	17%	17%
Dividend Tax	-	1.17	1.17	1.15	0.98	0.92

*For the shares allotted during the year 2012-13, pro rata dividend from the date of allotment was paid.

Annexure IX : Restated Statement of Capitalisation

(Rupees. in Millions)

Particulars	As at Dec 31 2017	Post offer (refer note below)
Borrowings		
Current borrowings	2,627.70	-
Non-current borrowings including current maturity (A)	5,828.61	-
Total borrowings (B)	8,456.31	-
Equity		
Equity Share Capital	100.61	-
Other Equity	5,775.73	-
Total equity (C)	5,876.34	-
Long term debt /Equity ratio (A/C)	0.99	-
Total debt/ Equity ratio (B/C)	1.44	-

Note : i) Post issue details have not been provided as the issue price of the equity share is not known at the date of the report

Annexure X : Restated Statement of Accounting Ratios

Table - A

(Rupees in Millions)

Particulars	**Period ended Dec 31 2017**	**Year ended Mar 31 2017**	**Year ended Mar 31 2016**	**Year ended Mar 31 2015**	**Year ended Mar 31 2014**	**Year ended Mar 31 2013**
Net worth as at the end of the period/ year	5,876.34	5,767.33	5,339.02	4,922.90	4,582.16	4,363.28
Less: Reserve on revaluation of land	(554.23)	(554.23)	(554.23)	(554.23)	(419.32)	(419.32)
Net worth as at the end of the period/ year excl. revaluation reserve (A)	5,322.11	5,213.10	4,784.79	4,368.67	4,162.84	3,943.96
Net profit/ (loss) after tax , as restated available for equity shareholders (B)	151.31	425.87	446.03	208.02	233.82	382.79
Weighted Average number of equity shares outstanding during the period/ year						
For basic earnings per share (C)	1,006,080	1,006,080	1,006,080	1,006,080	1,006,080	943,637
For diluted earnings per share (D)	1,006,080	1,006,080	1,006,080	1,006,080	1,006,080	943,637
Earnings per share of Rs. 100 each/-						
Basic (Rs) (E = B/C)	150.40	423.30	443.33	206.76	232.41	405.65
Diluted (Rs) (F = B/D)	150.40	423.30	443.33	206.76	232.41	405.65
Return on net worth (G = B/A)	3%	8%	9%	5%	6%	10%
Weighted average number of shares outstanding during the year (H)	1,006,080	1,006,080	1,006,080	1,006,080	1,006,080	943,637
Net assets value per share of Rs 100 each(I =A/H)	5,289.94	5,181.59	4,755.87	4,342.27	4,137.68	4,179.53
Face Value (Rs.)	100.00	100.00	100.00	100.00	100.00	100.00

Table - B (as adjusted for subsequent subdivision of shares (refer note 12 of Annexure VII)) **(Rupees in Millions)**

Particulars	**Period ended Dec 31 2017**	**Year ended Mar 31 2017**	**Year ended Mar 31 2016**	**Year ended Mar 31 2015**	**Year ended Mar 31 2014**	**Year ended Mar 31 2013**
Net worth as at the end of the period/ year	5,876.34	5,767.33	5,339.02	4,922.90	4,582.16	4,363.28
Less: Reserve on revaluation of land	(554.23)	(554.23)	(554.23)	(554.23)	(419.32)	(419.32)
Net worth as at the end of the period/ year excl. revaluation reserve (A)	5,322.11	5,213.10	4,784.79	4,368.67	4,162.84	3,943.96
Net profit/ (loss) after tax , as restated available for equity shareholders (B)	151.31	425.87	446.03	208.02	233.82	382.79
Weighted Average number of equity shares outstanding during the period/ year						
For basic earnings per share (C)	20,121,600	20,121,600	20,121,600	20,121,600	20,121,600	18,872,740
For diluted earnings per share (D)	20,121,600	20,121,600	20,121,600	20,121,600	20,121,600	18,872,740
Earnings per share of Rs. 5 each/-						
Basic (Rs) (E = B/C)	7.52	21.16	22.17	10.34	11.62	20.28
Diluted (Rs) (F = B/D)	7.52	21.16	22.17	10.34	11.62	20.28
Return on net worth (G = B/A)	3%	8%	9%	5%	6%	10%
Weighted average number of shares outstanding during the year (H)	20,121,600	20,121,600	20,121,600	20,121,600	20,121,600	18,872,740
Net assets value per share of Rs 5 each(I =A/H) (refer **sub-division** in note 12 to annexure VII)	264.50	259.08	237.79	217.11	206.88	208.98
Face Value (Rs.)	5.00	5.00	5.00	5.00	5.00	5.00

Notes :

1. The above ratios are calculated as under
   a. Basic earnings per share = Net profit attributable to equity share holders/ Weighted average number of shares outstanding during the year
   b. Diluted earning per share = Net profit attributable to equity share holders/ Weighted average number of diluted potential shares outstanding during the year
   c. Return on net worth (%) = Net profit attributable to equity share holders/ Net worth as the end of the year
   d. Net asset value (Rs.) = Net worth/ Number of equity shares as the end of the year

2. The figures disclosed above are based on the restated consolidated financial information

3. Earnings per share (EPS) calculation is in accordance with Indian Accounting standard (Ind AS 33 - Earnings per share) prescribed by The Companies (Indian Accounting Standards) Rules 2015

4. Bonus shares issued on December 21, 2017 and sub-division of shares on April 30, 2018 have been reckoned for the purpose of computing EPS & net asset value per share for the entire reporting period.

5. Basic earnings per share, Diluted earnings per share and Return on Net Worth for the nine months period ended December 31, 2017 are not annualised

Annexure XI : Restated Statement of Tax shelter

(Rupees in Millions)

Sr no	Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
A	Profit Before tax- as restated	171.34	354.90	554.08	313.66	420.25	539.08
B	Notional tax rate	34.608%	34.608%	34.608%	33.990%	33.990%	32.445%
C	Tax as per notional rate on Profit	59.29	122.82	191.77	106.61	142.85	174.90
	Adjustments						
	Tax impact of Permanent Differences due to:						
	i) Investment Allowance under 32AC	-	(135.15)	(49.71)	(96.15)	-	-
	ii) Allowance under 80JJAA	-	-	(21.04)	(19.78)	(33.07)	(24.20)
	iii) EPCG Benefit Capitalisation not considered for Income Tax purpose	(38.75)	(86.02)	(9.62)	(24.99)	1.90	(18.61)
	iv) Difference due to change in tax rate	-	-	5.63	-	10.24	-
	v) Effect of PPE reclassification not considered for Income Tax purpose	7.18	15.95	19.94	24.48	-	-
	vi) Tax free income of overseas subsidiaries	(7.38)	1.75	13.69	(34.01)	(11.49)	(6.85)
	vi) Effect of other allowances	(0.32)	9.68	(42.60)	149.48	76.01	31.05
D	**Total Tax Impact on Permanent Difference**	(39.27)	(193.79)	(83.71)	(0.97)	43.59	(18.61)

(Rupees in Millions)

Sr no	Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
	Tax impact on Timing Difference due to						
	Depreciation & Amortization	(47.33)	(137.70)	(101.13)	(157.24)	(181.00)	(131.76)
	Provision for loans and advances	(1.65)	(15.82)	0.09	0.63	3.23	4.71
	Upfront fees	(1.48)	(3.83)	1.61	1.96	0.82	1.97
	Provision for doubtful debts	6.90	7.05	(3.44)	5.87	11.57	4.32
	Rent Straightlining	2.51	3.78	3.78	3.67	4.25	3.96
	Unrecognised Exchange Gain/Loss	16.01	10.00	24.19	(0.97)	(13.45)	(14.82)
	Unabsorbed Depreciation Loss	(12.98)	320.71	-	-	-	-
	Tools Valuation	-	(84.42)	3.90	40.53	15.77	11.43
	Derivative Instruments	18.00	(29.81)	(10.05)	4.33	12.79	23.96
	Other temperorary differences	-	1.21	9.98	(4.42)	(4.25)	1.52
E	**Tax impact on Timing Difference**	(20.02)	71.17	(71.08)	(105.64)	(150.26)	(94.71)
F	**Net Adjustment (D+E)**	(59.29)	(122.62)	(154.79)	(106.61)	(106.67)	(113.32)
G	**Adjusted Tax Liability (C+F)**	(0.00)	0.20	36.98	0.00	36.18	61.58
	Minimum Alternate tax under sec 115JB of Income tax act including other taxes						
H	Tax liability as per Minimum Alternate Tax under 115JB of Income Tax Act including other taxes	52.94	96.04	83.43	107.86	74.77	58.12
I	**Higher of G and H**	52.94	96.04	83.43	107.86	74.77	61.58
J	**Other Tax Liability**	-	-	-	-	-	(3.47)

(Rupees in Millions)

Sr no	Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
K	**Total current tax (G+I+J)**	52.94	96.24	120.41	107.86	110.95	119.70
L	**Total tax liability**	52.94	96.24	120.41	107.86	110.95	119.70
	MAT Credit Recognised	(52.94)	(96.04)	(83.43)	(107.86)	(74.77)	(58.12)

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-2018

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED STANDALONE FINANCIAL INFORMATION

To,

The Board of Directors of Craftsman Automation Limited

Senthil Towers IV Floor,

1078 Avinashi Road,

Coimbatore,

Tamil Nadu – 641018

Dear Sirs,

1) We have examined the attached Restated Standalone Financial Information of Craftsman Automation Limited (the "Company") which comprise the restated standalone summary statement of assets and liabilities as at 31 December 2017, 31 March 2017, 2016, 2015, 2014, and 2013 and the restated standalone summary statement of profit and loss (including other comprehensive Income), the restated standalone summary statement of changes in equity and the restated standalone summary statement of cash flows for nine months ended 31 December 2017 and for the years ended 31 March 2017, 2016, 2015, 2014, and 2013 and the summary of significant accounting policies, read together with the annexures and notes forming part of the restated standalone financial information explained in paragraph 9 below (collectively referred to as, the "Restated Standalone Financial Information"), for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer of equity shares of Rs. 5 each ("IPO"). The Restated Standalone Financial Information has been approved by the Board of Directors of the Company at their meeting held on May 24, 2018 and is prepared in terms of the requirements of:

   a. Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act") read with of Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended by Companies (Prospectus and Allotment of Securities) Amendment Rules, 2018 ("the Rules");

   b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and

   c. The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time hereafter referred to as "the Guidance Note".

2) **Management's responsibility for the Restated Standalone Financial Information**

The preparation of the Restated Standalone Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 15 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, the Rules and ICDR Regulations.

3) **Auditor's responsibility**

Our responsibility is to examine the Restated Standalone Financial Information and confirm whether such Restated Standalone Financial Information comply with the requirements of the Act, the Rules, ICDR Regulations and the Guidance Note.

We have examined such Restated Standalone Financial Information taking into consideration:

a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 19-March-2018 in connection with the proposed issue of equity shares of the Company and

b. The Guidance Note

c. the requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, and the ICDR Regulations in connection with the IPO.

4) **Restated Standalone Financial Information as per Audited Standalone Financial Statements**

The Restated Standalone Financial Information has been compiled by the management as follows:

a. As at and for the nine months period ended 31 December 2017 and year ended 31 March 2017:

   i) From the audited standalone financial statement of the Company as at and for the period ended December 31, 2017 prepared in accordance with Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Amendment Rules, 2016 ("Ind-AS Rules") and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 9 March 2018.

   ii) From the audited standalone financial statements of the Company as at and for the year ended March 31, 2017, prepared in accordance with Ind-AS notified under the Ind-AS Rules, and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 11 August 2017.

b. Proforma Ind-AS restated standalone financial information as at and for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013: From the audited standalone financial statements of the Company as at and for the year ended 31 March 2016, prepared in accordance with Accounting Standards as prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, which had been approved by the Board of Directors on 25 August 2016 and as at and for the year ended 31st March 2015 on 7 September 2015 and as at and for the years ended 31 March 2014 and 31 March 2013 prepared in accordance with the accounting standards referred to in section 211(3C) of Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006, which had been approved by Board of Directors on 17 December 2014 and 12 August 2013 respectively which had been converted into figures as per the Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the year ended 31 March 2017. The Restated standalone financial information as at and for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 are referred to as "the Proforma Ind AS Restated Standalone Financial Information".

5) Based on our examination and in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, read with the Rules, the ICDR Regulations, the Guidance Note and terms of our engagement agreed with you, we report that:

a. The restated standalone summary statement of assets and liabilities of the Company as at 31 December 2017, 31 March 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure I to the Restated Standalone Financial Information, have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and have been fully described in the notes appearing in Annexure VI: Summary Statement of adjustments to the Audited Standalone Financial Statements.

b. The restated standalone summary statement of profit and loss (including other comprehensive income) of the Company for the nine months ended 31 December 2017 and for each of the years ended 31 March 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure II to the Restated Standalone Financial Information have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and have been fully described in the notes appearing in Annexure VI: Summary Statement of adjustments to the Audited Financial Statements.

c. The restated standalone summary statement of cash flows of the Company for the nine months period ended 31 December 2017 and each of the years ended 31 March 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure III to the Restated Standalone Financial Information have been arrived at after making adjustments and regroupings/reclassifications as in our opinion were appropriate and have been fully described in the notes appearing in Annexure VI: Summary Statement of adjustments to the Audited Financial Statements.

d. The restated standalone summary statement of changes in equity of the Company for the nine months ended 31 December 2017 and each of years ended 31 March 2017, 2016 ,2015, 2014 and 2013 examined by us, as set out in Annexure IV to the Restated Standalone Financial Information have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and have been fully described in the notes appearing in Annexure VI: Summary Statement of adjustments to the Audited Financial Statements.

6) Audit report on the financial statements of the Company as at and for the year ended March 31, 2014 contained the following qualifying matter in the report, which does not require any adjustment in the Restated Standalone Financial Information.

"The company has implemented ERP system from the beginning of third quarter of financial year and as per Note No 1 (Part B Related Notes) the book inventory as per Oracle inventory module is more than physical inventory by Rs. 47 Cr. Physical inventories have been adopted for preparation of financial statements. The company is in the Process of identifying the root cause, analyzing the same, taking corrective action post balance sheet date. As the company has not concluded the same at the time of conclusion of audit the effect of the same is not quantifiable."

7) Annexure to audit report on the audited standalone financial statements of the Company as at and for the years ended March 31, of years below, have the following adverse remarks in the report.

As at and for the year ended March 31,	Paragraph No	Comments / Remarks in the Annexure to the audit report as specified under Companies (Auditor's Report) Order, 2013 or Companies (Auditor's Report) Order, 2015 or Companies (Auditor's Report) Order, 2016, as applicable
2014	1 (b)	We are informed that due to implementation of ERP system, physical verification of the fixed assets could not be carried out and the same will be carried out in the next financial year.
2014	7	We are informed that due to ongoing implementation of ERP system, internal audit has not been carried out during the year.
2014	8	In view of the problems in implementation of Oracle software in the 3rd quarter of the FY, we are unable to state whether the company has made and maintained cost accounting records pursuant to the rules made by the Central Government under section 209(1) (d) of the Companies Act, 1956.
2014	9 (a)	According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. However, delays were observed in one of the unit for a few months in view of bank related issues
2015	7 (a)	According to the records of the Company examined by us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities and there are no outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months. However, delays were

As at and for the year ended March 31,	Paragraph No	Comments / Remarks in the Annexure to the audit report as specified under Companies (Auditor's Report) Order, 2013 or Companies (Auditor's Report) Order, 2015 or Companies (Auditor's Report) Order, 2016, as applicable
		observed in one of the units for a few months in view of bank related issues.

8) Based on the above and according to the information and explanations given to us, we further report that the Restated Standalone Financial Information:

i) has been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting period/years;

ii) has been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

iii) does not contain any extra-ordinary items that need to be disclosed separately;

iv) does not contain any exceptional item that need to be disclosed separately;

v) There are no qualifications in the auditors' reports on the audited standalone financial statements of the Company as at 31 December 2017 and for each of the years ended 31 March 2017, 2016, 2015, 2014, and 2013 and for the nine months period ended 31 December 2017 and for each of the years ended 31 March 2017, 2016, 2015, 2014, and 2013, which require any adjustments to the Restated Standalone Summary Statements; Audit qualification for the financial year ended March 31, 2014 as referred in paragraph 6 above does not require any adjustment.

vi) does not contain any adverse remarks/ comments in the Companies (Auditor's Report) Order, 2003 / Companies (Auditor's Report) Order, 2015 / Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India (together referred to as 'CARO'), in the annexure to the auditors' reports on the audited financial statements of the Company as at and for the nine months period ended December 31, 2017 and as at and for each of the years ended 31 March 2017, 2016, 2015, 2014 and 2013, except as given in paragraph 7 above.

9) **Other Standalone Financial Information**

We have also examined the following Other Restated Standalone Financial Information of the Company as set out in the Annexures prepared by the management and approved by the Board of Directors at their meeting held on May 24, 2018 as at and for the nine months period ended December 31, 2017 and as at and for each of the years ended 31 March 2017, 2016, 2015, 2014 and 2013:

xliv) Summary statement on significant accounting policies, as enclosed in Annexure V

xlv) Summary statement on adjustments to the audited standalone financial statements as enclosed in Annexure VI

xlvi) Summary statement on property, plant & equipment and intangible assets as enclosed in note 1 and 2 of Annexure VII

xlvii) Summary statement on non-current investments as enclosed in note 3 of the Annexure VII

xlviii) Summary statement on loan to wholly owned subsidiaries as enclosed in note 4 of the Annexure VII

xlix) Summary statement on security deposits as enclosed in note 5 of the Annexure VII

l) Summary statement on current tax assets (net) as enclosed in note 6 of the Annexure VII

li) Summary statement on other non-current assets as enclosed in note 7 of the Annexure VII lii) Summary statement on inventories as enclosed in note 8 of the Annexure VII

liii) Summary statement on trade receivables as enclosed in note 9 of the Annexure VII

liv) Summary statement on cash and cash equivalents as enclosed in note 10 of the Annexure VII

lv) Summary statement on security deposits - current as enclosed in note 11 of the Annexure VII

lvi) Summary statement on other current assets as enclosed in note 12 of the Annexure VII

lvii) Summary statement on equity share capital as enclosed in note 13 of the Annexure VII

lviii) Summary statement on other equity as enclosed in note 14 of the Annexure VII

lix) Summary statement on long term borrowings as enclosed in note 15 of the Annexure VII

lx) Summary statement on non-current financial liabilities – others as enclosed in note 16 of the Annexure VII

lxi) Summary statement on long term provisions as enclosed in note 17 of the Annexure VII

lxii) Summary statement on deferred tax liabilities (net) as enclosed in note 18 of the Annexure VII

lxiii) Summary statement on short term borrowings as enclosed in note 19 of the Annexure VII

lxiv) Summary statement on trade payables as enclosed in note 20 of the Annexure VII

lxv) Summary statement on other current financial liabilities as enclosed in note 21 of the Annexure VII

lxvi) Summary statement on other current liabilities as enclosed in note 22 of the Annexure VII

lxvii) Summary statement on current tax liabilities (net) as enclosed in note 23 of the Annexure VII

lxviii) Summary statement on short term provisions as enclosed in note 24 of the Annexure VII

lxix) Summary statement on revenue from operations as enclosed in note 25 of the Annexure VII

lxx) Summary statement on other income as enclosed in note 26 of the Annexure VII

lxxi) Summary statement on cost of raw materials and components consumed as enclosed in note 27 of the Annexure VII

lxxii) Summary statement on changes in inventories of finished goods and work in progress as enclosed in note 28 of the Annexure VII

lxxiii) Summary statement on employee benefits expenses as enclosed in note 29 & 35 of the Annexure VII

lxxiv) Summary statement on depreciation and amortization expense as enclosed in note 30 of the Annexure VII

lxxv) Summary statement on other expenses as enclosed in note 31 of the Annexure VII

lxxvi) Summary statement on finance cost as enclosed in note 32 of the Annexure VII

lxxvii) Summary statement on income tax as enclosed in note 33 of the Annexure VII

lxxviii) Summary statement on earning per share as enclosed in note 34 of the Annexure VII lxxix) Summary statement on employee benefits as enclosed in note 35 of the Annexure VII

lxxx) Summary statement on financial instruments as enclosed in note 36 of the Annexure VII

lxxxi) Summary statement of related party transactions as enclosed on note 37 of the Annexure VII

lxxxii) Summary statement of contingent liabilities and capital commitments as enclosed on note 38 of the Annexure VII

lxxxiii) Summary statement of operating lease arrangement as enclosed on note 39 of the Annexure VII

lxxxiv) Restated summary statement of dividend paid of Annexure VIII

lxxxv) Restated statement of capitalization of Annexure IX

lxxxvi) Restated statement of Accounting ratios of Annexure X

lxxxvii) Restated statement of tax shelter – Annexure XI

10) **Opinion**

According to the information and explanation given to us, in our opinion, the Restated Standalone Financial Information of the Company as at and for the nine months ended December 31, 2017 and as at and for the years ended March 31, 2017, including the above mentioned Other Restated Standalone Financial Information contained in Annexures I to XI accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Standalone Financial Information disclosed in Annexure V and Annexure VII, have been prepared after making adjustments and regroupings or reclassifications as considered appropriate as disclosed in Annexure VI and the Proforma Ind-AS Restated Standalone Financial Information of the Company as at and for the years ended March 31, 2016, 2015, 2014 and 2013 including the above mentioned Other Restated Financial Information contained in Annexures I to XI accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Standalone Financial Information disclosed in Annexure V and Annexure VII, are prepared after making proforma Ind-AS adjustments and regroupings or reclassifications as considered appropriate as disclosed in Annexure VI and have been prepared in accordance with the Act, the Rules, the ICDR Regulations and the Guidance Note.

11) **Emphasis of matter**

Attention is drawn to note no. 36 b to Restated Standalone Financial Statement under other financial assets, regarding non-impairment of investments in and loans to the overseas subsidiary (Craftsman Marine B.V. Netherlands) in view of its future business plan and profitability. Our opinion is not modified in respect of this matter. This emphasis is carried from audit report of financial statements of as at and for the nine months ended December 31, 2017 and as at and for the years ended March 31, 2017 and March 31, 2016.

12) **Other Matters**

We have placed reliance on the Expert appointed by the Company in respect of Mark to market valuation of derivatives, Cash flow Hedge and interest rate swaps. Our opinion is not modified in respect of this matter.

13) This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

14) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

15) Our report is intended solely for use of the management for inclusion in the offer document to be filed with the Securities and Exchange Board of India, stock exchanges where the equity shares are proposed to be listed and the relevant Registrar of Companies in India in connection with the proposed Initial Public Offering of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
ICAI Firm Registration No.: **003990S/S200018**

S Narasimhan
Partner
Membership No.206047
Place: Coimbatore
Date: 24-May-2018

Craftsman Automation Limited
CIN - U28991TZ1986PLC001816
Annexure I: Restated standalone summary statement of assets and liabilities

(Rupees in Millions)

Particulars	Note No. of Annexure VII	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016 (Proforma)	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)	As at March 31, 2013 (Proforma)
ASSETS							
Non-current assets							
Property, Plant and Equipment	1	12,095.47	12,157.37	9,845.44	9,286.84	8,560.96	7,875.87
Capital Work in progress	1	132.69	111.55	400.32	542.38	126.59	115.55
Other Intangible assets	2	117.43	113.66	54.92	43.19	44.40	8.02
Financial assets							
Investments	3	113.58	107.62	118.21	148.05	146.84	124.66
Loans	4	221.61	202.09	217.94	188.30	213.05	157.01
Security Deposits	5	67.33	44.40	44.12	42.34	45.81	42.22
Current tax assets (Net)	6	77.06	40.18	14.11	-	14.26	15.90
Other non-current assets	7	292.36	192.19	161.72	270.74	336.05	106.80
		13,117.53	12,969.06	10,856.78	10,521.84	9,487.96	8,446.03
Current assets							
Inventories	8	2,765.19	2,156.58	1,712.92	1,365.23	1,104.09	1,054.12
Financial assets							
Trade receivables	9	1,913.83	1,782.22	1,386.41	1,327.56	1,323.97	1,002.26
Cash and cash equivalents	10	522.37	374.54	154.10	154.86	57.11	89.11
Security Deposits	11	101.56	92.48	73.08	61.19	128.38	134.53
Other Current assets	12	693.10	958.26	727.93	583.72	599.61	495.30
		5,996.05	5,364.08	4,054.44	3,492.56	3,213.16	2,775.32
Total Assets		**19,113.58**	**18,333.14**	**14,911.22**	**14,014.40**	**12,701.12**	**11,221.35**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share capital	13	100.61	57.49	57.49	57.49	57.49	57.49
Other Equity	14	5,963.63	5,894.54	5,509.00	5,109.84	4,696.56	4,437.99
		6,064.24	5,952.03	5,566.49	5,167.33	4,754.05	4,495.48

Craftsman Automation Limited
CIN - U28991TZ1986PLC001816
Annexure I: Restated standalone summary statement of assets and liabilities

(Rupees in Millions)

Particulars	Note No. of Annexure VII	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016 (Proforma)	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)	As at March 31, 2013 (Proforma)
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	15	4,452.65	4,341.08	3,159.06	3,039.18	2,766.10	2,631.76
Other Non-Current Financial Liabilities	16	14.45	10.21	27.92	61.06	64.26	74.60
Provisions	17	1.98	1.99	1.78	1.90	1.54	1.45
Deferred tax liabilities (Net)	18	225.69	283.81	464.41	474.17	485.91	409.55
		4,694.77	4,637.09	3,653.17	3,576.31	3,317.81	3,117.36
Current liabilities							
Financial Liabilities							
Borrowings	19	2,627.70	2,235.42	2,054.82	1,586.38	1,668.98	1,625.68
Trade payables	20	3,444.16	2,981.41	2,014.01	1,752.38	1,368.98	867.34
Other current Financial Liabilities	21	1,959.52	2,109.93	1,372.71	1,334.50	1,260.83	819.70
Other current liabilities	22	278.44	400.16	231.93	550.64	315.87	281.23
Current tax labilities (Net)	23	-	-	-	13.54	-	-
Provisions	24	44.75	17.10	18.09	33.32	14.60	14.56
		8,354.57	7,744.02	5,691.56	5,270.76	4,629.26	3,608.51
Total Equity and Liabilities		**19,113.58**	**18,333.14**	**14,911.22**	**14,014.40**	**12,701.12**	**11,221.35**

The accompanying notes form an integral part of the restated standalone financial information
This is the restated standalone summary statement of assets and liabilities referred to in our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-18

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

Craftsman Automation Limited
CIN - U28991TZ1986PLC001816
Annexure II: Restated standalone summary statement of profit and loss

(Rupees in Millions except EPS)

Particulars	Note No. of Annexure VII	Period ended	Year ended				
		December 31, 2017	March 31, 2017	March 31, 2016 (Proforma)	March 31, 2015 (Proforma)	March 31, 2014 (Proforma)	March 31, 2013 (Proforma)
INCOME							
Revenue From Operations	25	10,745.61	12,009.54	9,729.10	8,598.99	6,763.87	6,568.76
Other Income	26	77.94	114.37	92.47	(1.11)	58.52	(40.99)
Total Income		**10,823.55**	**12,123.91**	**9,821.57**	**8,597.88**	**6,822.39**	**6,527.77**
EXPENSES							
Cost of materials consumed	27	4,166.72	4,017.25	2,942.65	2,041.38	1,409.81	1,265.20
Changes in inventories of finished goods and work-in-progress	28	(177.83)	(218.96)	(174.89)	(22.62)	(28.85)	(44.68)
Excise duty on sale of goods		324.44	1,082.54	898.00	687.10	777.50	708.79
Employee benefits expense	29	1,460.03	1,448.55	1,198.34	1,020.16	776.86	782.70
Depreciation and amortization expense	30	999.54	1,133.43	1,012.87	929.57	780.01	658.61
Other expenses	31	3,092.96	3,418.42	2,637.66	2,890.59	2,155.45	2,128.31
Finance costs	32	770.93	895.86	798.07	643.66	502.58	482.37
Total expenses		**10,636.79**	**11,777.09**	**9,312.70**	**8,189.84**	**6,373.36**	**5,981.30**
Profit before tax		**186.76**	**346.82**	**508.87**	**408.04**	**449.03**	**546.47**
Tax expense:							
(1) Current tax		52.94	96.25	120.41	107.86	110.50	119.70
Less:MAT Credit Entitlement	33	52.94	96.05	83.43	107.86	74.77	58.12
Net Current Tax		-	0.20	36.98	-	35.73	61.58
(2) Deferred tax		20.03	(71.17)	71.07	105.64	150.25	94.71
Total tax		**20.03**	**(70.97)**	**108.05**	**105.64**	**185.98**	**156.29**
Profit for the year		**166.73**	**417.79**	**400.82**	**302.40**	**263.05**	**390.18**
Other Comprehensive Income							
A (i) Items that will not be reclassified to profit or loss							
- Remeasurement of defined benefit plans		(15.01)	(6.67)	8.15	(11.93)	2.68	2.32
- Equity Instruments through OCI		0.03	(0.02)	0.27	1.22	0.05	(3.70)
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.19	2.31	(2.82)	4.05	(0.87)	(0.75)

(Rupees in Millions except EPS)

Particulars	Note No. of Annexure VII	Period ended	Year ended				
		December 31, 2017	March 31, 2017	March 31, 2016 (Proforma)	March 31, 2015 (Proforma)	March 31, 2014 (Proforma)	March 31, 2013 (Proforma)
B (i) Items that will be reclassified to profit or loss							
- The effective portion of gains and loss on hedging instruments in a cash flow hedge		(57.82)	(32.01)	(0.63)	(16.10)	-	-
- Surplus on revaluation of Land		-	-	-	134.91	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		20.01	11.08	0.22	5.47	-	-
Other Comprehensive Income for the year, net of tax		**(47.60)**	**(25.31)**	**5.19**	**117.62**	**1.86**	**(2.13)**
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**119.13**	**392.48**	**406.01**	**420.02**	**264.91**	**388.05**
Earnings per equity share Rs							
(1) Basic	34	165.72	415.27	398.40	300.57	261.46	413.49
(2) Diluted		165.72	415.27	398.40	300.57	261.46	413.49

The accompanying notes form an integral part of the restated standalone financial information

This is the restated standalone summary statement of profit and loss referred to in our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-18

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

Craftsman Automation Limited
CIN - U28991TZ1986PLC001816
Annexure III: Restated standalone summary statement of cash flows

(Rupees in Millions)

Particulars	**Period ended**	**Year ended**				
	December 31, 2017	**March 31, 2017**	**March 31, 2016 *(Proforma)***	**March 31, 2015 *(Proforma)***	**March 31, 2014 *(Proforma)***	**March 31, 2013 *(Proforma)***
Profit before taxation	186.76	346.82	508.87	408.04	449.03	546.47
Adjustments for:						
Depreciation	999.54	1,133.43	1,012.87	929.57	780.01	658.61
Gain on sale of assets	0.04	(4.00)	(1.26)	21.54	(0.32)	(0.80)
Exchange difference on transaction/translation (loss/(gain))	(47.10)	50.13	52.80	86.39	(94.95)	(43.73)
MTM Gain / (Loss) - Derivative -(Net)	(20.23)	(79.03)	(31.71)	18.20	33.10	73.83
Provision for impairment of loan to and investment in WOS	0.98	1.10	1.69	(0.37)	6.55	11.51
Interest receipt on loan to WOS	(0.05)	(0.06)	(0.07)	(0.01)	-	-
Interest received	(7.08)	(14.70)	(8.61)	(5.47)	(6.08)	(8.70)
Interest expense	779.53	895.00	713.33	601.38	523.34	509.89
Operating cash flow before changes in working capital	**1,892.39**	**2,328.69**	**2,247.91**	**2,059.27**	**1,690.68**	**1,747.08**
Adjustments for changes in:						
Trade and other receivables	149.45	(694.87)	(268.45)	(79.18)	(328.20)	(57.89)
Inventories	(608.61)	(443.66)	(347.69)	(261.14)	(49.97)	(68.67)
Trade payables and other payables	402.34	1,257.11	(61.92)	587.00	641.59	(612.28)
Cash generated from operations	**1,835.57**	**2,447.27**	**1,569.85**	**2,305.95**	**1,954.10**	**1,008.24**
Income taxes paid	(115.03)	(135.70)	(145.46)	(89.58)	(107.98)	(145.25)
Net cash from operating activities - A	**1,720.54**	**2,311.57**	**1,424.39**	**2,216.37**	**1,846.12**	**862.99**
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,414.87)	(2,752.71)	(1,377.79)	(1,809.63)	(1,638.79)	(1,355.35)
Purchase of Intangible	(38.19)	(88.41)	(19.53)	(16.47)	(24.99)	(11.37)
Proceeds from sale of assets	2.81	10.56	5.42	19.76	(2.13)	(39.83)
Purchase of Shares	(11.51)	-	-	-	-	-
Loans given	(14.87)	25.38	(1.15)	25.13	(84.70)	(75.75)
Interest received	7.08	14.70	8.61	5.47	6.08	8.70
Net cash used in investing activities - B	**(1,469.55)**	**(2,790.48)**	**(1,384.44)**	**(1,775.74)**	**(1,744.53)**	**(1,473.60)**
Cash flows from financing activities						
Proceeds from Issue of Shares (incl of Premium)	-	-	-	-	-	989.64
Proceeds from long-term borrowings	1,253.47	2,427.45	1,119.21	1,211.25	918.29	264.57
Repayment of long term borrowings	(959.74)	(1,005.33)	(910.60)	(874.61)	(571.44)	(497.74)
Proceeds from short-term borrowings	392.28	180.60	468.44	(82.60)	43.30	265.00
Interest paid	(782.25)	(896.43)	(710.91)	(590.18)	(517.40)	(487.25)
Dividends paid	(6.92)	(6.94)	(6.85)	(6.74)	(6.34)	(5.47)
Net cash used in financing activities- C	**(103.16)**	**699.35**	**(40.71)**	**(342.88)**	**(133.59)**	**528.75**

(Rupees in Millions)

Particulars	Period ended	Year ended				
	December 31, 2017	March 31, 2017	March 31, 2016 *(Proforma)*	March 31, 2015 *(Proforma)*	March 31, 2014 *(Proforma)*	March 31, 2013 *(Proforma)*
Net increase in cash and cash equivalents - (A+B+C)	**147.83**	**220.44**	**(0.76)**	**97.75**	**(32.00)**	**(81.86)**
Cash and cash equivalents at beginning of year	374.54	154.10	154.86	57.11	89.11	170.97
Cash and cash equivalents at end of year	522.37	374.54	154.10	154.86	57.11	89.11
Cash & cash equivalents consists of:						
Cash in hand	1.43	1.37	1.46	2.47	1.79	6.20
Balances with banks						
(i) in current accounts	365.77	216.04	70.31	46.06	20.37	25.16
(ii) in deposit accounts	155.17	157.13	82.33	106.33	34.95	57.75
	522.37	374.54	154.10	154.86	57.11	89.11

The accompanying notes form an integral part of the restated standalone financial information

This is the restated standalone summary statement of cash flows referred to in our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-18

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

Craftsman Automation Limited
CIN - U28991TZ1986PLC001816
Annexure IV: Restated standalone summary statement of changes in equity

a. Equity Share Capital (Shares of face value Rs.100 each)

	Note No of Annexure VII	Equity Shares (Nos.)	Amount (Rs. Millions)
Balance as at April 01,2012		**471,263**	**47.13**
Changes in equity share capital during the year		**103,640**	**10.36**
Balance as at March 31,2013		**574,903**	**57.49**
Changes in equity share capital during the year		**-**	**-**
Balance as at March 31,2014		**574,903**	**57.49**
Changes in equity share capital during the year		**-**	**-**
Balance as at March 31,2015	**13**	**574,903**	**57.49**
Changes in equity share capital during the year		**-**	**-**
Balance as at March 31,2016		**574,903**	**57.49**
Changes in equity share capital during the year		**-**	**-**
Balance as at March 31,2017		**574,903**	**57.49**
Changes in equity share capital during the period		**431,177**	**43.12**
Balance as at December 31,2017		**1,006,080**	**100.61**

b. Other Equity **(Rupees in Millions)**

Particulars	Reserves and Surplus			Other Comprehensive Income			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Revaluation reserve	Effective portion of Cash Flow Hedges	
Balance at the beginning of April 1, 2012	**443.37**	**796.88**	**1,839.94**	**(4.06)**	**-**	**-**	**3,076.13**
Profit for the year	-	-	390.18	-	-	-	390.18
Other Comprehensive Income	-	-	-	(3.70)	-	-	(3.70)
- Defined Benefit Plan	-	-	1.57	-	-	-	1.57
Total Comprehensive Income for the year	-	-	391.75	(3.70)	-	-	388.05
Dividends	-	-	(5.47)	-	-	-	(5.47)
Premium on issue of shares	979.28	-	-	-	-	-	979.28
Transfer from retained earnings	-	42.22	(42.22)	-	-	-	-
Balance as at March 31,2013	**1,422.65**	**839.10**	**2,184.00**	**(7.76)**	**-**	**-**	**4,437.99**

b. Other Equity (Rupees in Millions)

Particulars	Reserves and Surplus			Other Comprehensive Income			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Revaluation reserve	Effective portion of Cash Flow Hedges	
Profit for the year	-	-	263.05	-	-	-	263.05
Other Comprehensive Income	-	-	-	0.05	-	-	0.05
- Defined Benefit Plan	-	-	1.81	-	-	-	1.81
Total Comprehensive Income for the year	-	-	264.86	0.05	-	-	264.91
Dividends	-	-	(6.34)	-	-	-	(6.34)
Transfer from retained earnings	-	42.52	(42.52)	-	-	-	-
Balance as at March 31,2014	**1,422.65**	**881.62**	**2,400.00**	**(7.71)**	**-**	**-**	**4,696.56**
Profit for the year	-	-	302.40	-	-	-	302.40
Other Comprehensive Income	-	-	-	1.22	134.91	(10.63)	125.50
- Defined Benefit Plan	-	-	(7.88)	-	-	-	(7.88)
Total Comprehensive Income for the year	-	-	294.52	1.22	134.91	(10.63)	420.02
Dividends	-	-	(6.74)	-	-	-	(6.74)
Transfer from retained earnings	-	52.52	(52.52)	-	-	-	-
Balance as at March 31,2015	**1,422.65**	**934.14**	**2,635.26**	**(6.49)**	**134.91**	**(10.63)**	**5,109.84**
Profit for the year	-	-	400.82	-	-	-	400.82
Other Comprehensive Income	-	-	-	0.27	-	(0.41)	(0.14)
- Defined Benefit Plan	-	-	5.33	-	-	-	5.33
Total Comprehensive Income for the year	-	-	406.15	0.27	-	(0.41)	406.01
Dividends	-	-	(6.85)	-	-	-	(6.85)
Transfer from retained earnings	-	32.07	(32.07)	-	-	-	-
Balance as at March 31,2016	**1,422.65**	**966.21**	**3,002.49**	**(6.22)**	**134.91**	**(11.04)**	**5,509.00**
Profit for the year	-	-	417.79	-	-	-	417.79
Other Comprehensive Income	-	-	-	(0.02)	-	(20.93)	(20.95)
- Defined Benefit Plan	-	-	(4.36)	-	-	-	(4.36)
Total Comprehensive Income for the year	-	-	413.43	(0.02)	-	(20.93)	392.48
Dividends	-	-	(6.94)	-	-	-	(6.94)
Balance as at March 31,2017	**1,422.65**	**966.21**	**3,408.98**	**(6.24)**	**134.91**	**(31.97)**	**5,894.54**

b. Other Equity **(Rupees in Millions)**

Particulars	Reserves and Surplus			Other Comprehensive Income			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Revaluation reserve	Effective portion of Cash Flow Hedges	
Profit for the nine months period	-	-	166.73	-	-	-	166.73
Bonus Shares Issued	(43.12)	-	-	-	-	-	(43.12)
Other Comprehensive Income	-	-	-	0.03	-	(37.81)	(37.78)
- Defined Benefit Plan	-	-	(9.82)	-	-	-	(9.82)
Total Comprehensive Income for the period	(43.12)	-	156.91	0.03	-	(37.81)	76.01
Dividends	-	-	(6.92)	-	-	-	(6.92)
Balance as at December 31,2017	**1,379.53**	**966.21**	**3,558.97**	**(6.21)**	**134.91**	**(69.78)**	**5,963.63**

The accompanying notes form an integral part of the restated standalone financial information

This is the restated standalone summary statement of changes in equity referred to in our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-18

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

Annexure V: Summary of significant accounting policies

A CORPORATE INFORMATION

Craftsman Automation Limited was incorporated as a private limited company under the Companies Act, 1956 on 18th July 1986 and was converted into a public limited company with effect from 4th May 2018. The company is governed by the Companies Act, 2013 (Act). The company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries

B BASIS OF PREPARATION

B.1Statement of Compliance:

The Restated Standalone Financial Information relates to the Company and have been specifically prepared for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering ('IPO') of equity shares of the Company (referred to as the "Issue"). The Restated Standalone Financial Information comprise the restated standalone summary statement of assets and liabilities as at 31 December 2017, 31 March 2017, 2016, 2015, 2014 and 2013, the restated standalone summary statement of profit and loss, the restated standalone summary statement of cash flows and restated standalone summary statement of changes in equity for the period ended 31 December 2017 and years ended 31 March 2017, 2016, 2015, 2014 and 2013 and Annexures VI to XI(hereinafter collectively referred to as "the Restated Standalone Financial Information")

The Restated Standalone Financial Information has been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended by Companies (Prospectus and Allotment of Securities) Amendment Rules, 2018("the Rules") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

These Restated Standalone Financial Information were approved by the Board of Directors of the Company in their meeting held on 24 May 2018

The Restated Standalone Financial Information of the Company has been complied by the management as follows:

a. As at and for the period/year ended 31 December 2017 and 31 March 2017:
   - ≠ From the audited standalone financial statements of the Company as at and for the period / year ended 31 December 2017 and 31 March 2017, prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Act, which have been approved by the Board of Directors on 9 March 2018 and 11 August 2017 respectively.

b. As at and for the year ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013:
   - ≠ From the audited standalone financial statements of the Company as at and for the years ended 31 March 2016 and 31 March 2015, prepared in accordance with Accounting Standards

as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, which have been approved by the Board of Directors on 25th August 2016 and 07th September 2015 respectively and for the years ended 31st March 2014 and 31st March 2013, prepared in accordance with the accounting standards referred to in Section 211(3C) of Companies Act 1956 read with Companies (Accounting Standards) Rules, 2006 , which have been approved by the Board of Directors on 17th December 2014 and on 12th August 2013 respectively and which has been restated into figures as per the Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the year ended 31 March 2017. The Restated Standalone Financial Information as at and for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 are referred to as "the Proforma Ind AS Restated Standalone Financial Information"

For the preparation of proforma Ind AS financial statements as at and for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013, based on the SEBI circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated 31 March 2016, following changes in accounting policies/ restatements were made:

i. Ind AS transition adjustments and accounting policy choices as initially adopted on 1 April 2015 were effected from 1 April 2012 for the preparation of Proforma Ind AS financials;

ii. Opening balance sheet was restated to recognise all assets and liabilities whose recognition is required by Ind AS;

iii. All mandatory exceptions and optional exemptions available under Ind AS 101 was analysed on case to case basis for the first-time adoption and restatement adjustments were made accordingly;

iv. In accordance with Ind AS 101, Company has elected to measure its property, plant and equipment by retrospective application of Ind AS 16 – Property, plant and equipment, except for freehold land which has been measured at it's fair value as at 1 April 2012 and use such fair value as the deemed cost of such freehold land. Accordingly, the same accounting policy choice has been followed as at 1 April 2012 for the purpose of measuring property, plant and equipment;

The Restated Standalone Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI Regulations:

(a) Adjustments for audit qualification requiring corrective adjustment in the financial statements, if any;

(b) Adjustments for the material amounts in previous years identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred, if any;

(c) Adjustments to the profits or losses of the earlier years and of the year in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years, if any;

(d) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial statements of the Company for the year ended 31 March 2017 and the requirements of the SEBI Regulations, if any; and

(e) The resultant impact of tax due to the aforesaid adjustments, if any

All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria as set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained their operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

Significant accounting policies – The accounting policies set out below have been applied consistently to the periods presented in the restated standalone financial statements.

B.2 Functional and Presentation currency:

The financial statements are presented in Indian Rupees which is the functional currency and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated.

B.3 Measurement of fair values:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

i) Land classified under property, plant and equipment
ii) Derivative financial instruments
iii) Certain financial assets and liability measured at fair value (refer note. 36 to Annexure VII)
iv) Employee benefits.

The Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

Recent Accounting Developments:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

<u>Amendment to Ind AS 7:</u>

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. As the amendment is applicable only for reporting for annual periods beginning on or after April 1, 2017, relevant disclosure in this regard has not been provided.

<u>Amendment to Ind AS 102:</u>

As the Company does not have any employee stock option plans, this would not be applicable to the Company.

Changes in Accounting Standards that may affect the Company after 31st March 2018:

<u>Ind AS 115 – Revenue from Contracts with Customers:</u>

This standard combines, enhances and replaces specific guidance on recognising revenue with a single standard. It defines a new five-step model to recognise revenue from customer contracts.

The company is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position of the Company.

This standard is mandatory for accounting periods beginning on or after 1st April 2018.

Improvements and other amendments to Accounting Standards applicable after 31st March 2018

A number of standards have 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 are expected to have any material effect on the company's financial statements.

Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopter's certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application:

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure all its property, plant and equipment (except land) and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS. In case of land, the company has revalued the same on the transition date and considered it as deemed cost as per Para D5 of Ind AS 101

Investments in subsidiaries and joint ventures

The Company has elected to measure its investments in subsidiaries and joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS

Mandatory Exceptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101

i) Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS

Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

i) Useful life of Property, Plant and Equipment and Intangibles

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the company.

ii) Tools in use

The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

iii) Income Taxes

The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.

i) Fair Value

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the income statements. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

ii) Measurement of defined benefit obligations

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

iii) Measurement and likelihood of occurrence of provisions and contingencies

The provision for warranty and rejection has been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

iv) Recognition of deferred tax asset

The company estimates the possible utilization of unabsorbed losses while recognizing deferred tax asset considering the future business plans and economic environment.

B.4 Property Plant and Equipment

Property, plant and equipment (PPE) is recognized when the cost of an asset can be reliably measured and it is probable that the entity will obtain future economic benefits from the asset.

PPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable purchase taxes). Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria.

On the date of transition to Ind AS, barring Land which has been valued at Fair Value and all the others items of PPE have been valued as per their 'deemed cost' in accordance with Ind AS 101.

Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled. On the transition date, the Company, therefore, recorded an adjustment to measure such property, plant and equipment in accordance with Ind AS 16. Under Previous GAAP, cost of the property, plant and equipment was recorded at the cash price paid to acquire such assets. Consequently, depreciation relating to the above differences in the cost of property, plant and equipment under Ind AS and Previous GAAP has also been adjusted.

Foreign exchange gain /loss arising on foreign currency denominated borrowings which are not hedged that were incurred to acquire PPE are recorded in the cost of asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7A and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the company uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	**Useful life and basis of depreciation**
New Plant and Machinery	20 Years
Used Plant and Machinery	10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of profit or loss

B.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that is acquired separately and where the useful life is 2years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it, · the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and

· the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Description of the asset	Useful life and basis of amortization
Development Expenditure	3 years

De-recognition

An intangible asset 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, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit or loss when the asset is derecognised.

B.6 Impairment of assets

At the end of each reporting period, the company determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the 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.

B.7 LEASES

As lessee

Leases entered into by the company have been classified as operating leases as significant portion of risks and rewards of ownership are not transferred to it. Payments made are charged to Statement of profit or loss on a straight line basis over the term of the lease.

As lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

B.8 Financial Instruments

Financial assets and financial liabilities are recognised when the 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 profit or loss.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Investments in equity instruments of subsidiaries and joint venture

The Company measures its investments in equity instruments of subsidiaries and joint venture at cost in accordance with Ind AS 27. The company has two wholly owned subsidiaries viz Craftsman Marine B.V – Netherlands and Craftsman Automation Singapore Pte ltd- Singapore. The company has elected to value its investments in subsidiaries and Joint venture at cost as per Ind AS and these are being tested for impairment at each reporting period.

Investments in equity instruments other than subsidiaries and joint venture

The company has valued the investments in equity instruments other than subsidiaries and joint venture at Fair value to Other Comprehensive Income. Fair value of quoted instrument has been valued at Market rate and in case of unquoted instrument it has been valued at book value of that Company based on Level 2 input.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

Loan to WOS :

Interest free loan given to wholly owned subsidiary has been recognised at fair value on the date of transaction and the fair value loss on the transaction date is recognised as deemed equity in subsidiary.

In respect of another subsidiary where both the loan and investment have been fully provided for impairment no fair valuation of interest free component has been recognised in financial statement.

In respect of loan given after April 1, 2014 interest has been charged at Government of India bond rate.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition 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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.
The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2012 (the transition date for the purpose of these statements).

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.
Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2012 (the transition date for the purpose of these statements).

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 36 to Annexure VII.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting:

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 36 to Annexure VII sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated kin equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

B.9 Inventories

The Company determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Company uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at-cost or Net Realizable Value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at lowest of net realized value in the last two months.

ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the company depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

B.10 Provisions

The Company recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

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

Provision for Warranty

Provisions for expected cost of warranty obligations are recognized based on Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions represent the value of management's best estimate of possible rejections within the next one quarter.

B.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Goods

Revenue from the sale of goods is recognised when the goods are despatched or appropriated in accordance with the terms of sale at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured.
Revenue is inclusive of excise duty until June 30, 2017 and is reduced for customer returns, commissions, rebates and discounts, and other similar allowances. Goods and Services Tax, which is effective from July 1, 2017, is collected on behalf of third party and no economic benefits flow to the entity, hence GST is not included as part of revenue.

Rendering of Services

Revenue from services is recognised when the services are rendered in accordance with the specific terms of contract and when collectability of the resulting receivable is reasonably assured.

Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Company and are recognised when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

B.12 Borrowing Cost

Since the Company does not have any qualifying assets, capitalisation of borrowing cost is not applicable to the Company. All borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

B.13 Government Grant

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

B.14 Employee Benefits

Defined contribution plans

Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

Defined benefit plans

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The income statement reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and remeasurement gains and losses.

Remeasurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Remeasurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Company can no longer withdraw the offer of termination benefit or when the Company recognises any related restructuring costs.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at year end are fully provided.

B.15 Foreign Currency Transactions:

The Company's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity'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 retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.6 for hedging accounting policies).

B.16 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or 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.

<u>Current Tax</u>

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefit, in the form of adjustment to future tax liability, is considered as an asset in the Balance Sheet. The carrying amount of MAT is reviewed at each reporting date and the asset would be written down to the extent the Company's right of adjustment would lapse.

<u>Deferred Tax</u>

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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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 asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

B.17 Segment reporting

The Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The company's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

- Automotive - Powertrain & Others : This segment develops, manufactures, sells its goods and services of powertrain & other products to manufacturers of commercial vehicles, farm equipment, construction / mining equipment and passenger vehicles.
- Automotive - Aluminium Products : This segment manufactures and sells its goods and services of aluminium automotive products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles.
- Industrial & Engineering : This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, railway products, storage products, special purpose machines and other general engineering products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the company.

Annexure VI : Summary of adjustments to audited standalone financial statements

1. Reconciliation of Profit / Total Comprehensive Income as per audited financial statements with Total Comprehensive Income as per Restated Financial Information

(Rupees in Millions)

Particulars	Note No	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Prepared as per		**Ind-AS**	**Ind-AS**	**Previous GAAP**	**Previous GAAP**	**Previous GAAP**	**Previous GAAP**
Net Profit/ (loss) after tax as per Audited Statement of Profit & Loss (including other comprehensive income)		176.96	728.58	320.66	525.23	425.18	422.19
Material adjustment on account of restatement							
(i) Audit qualifications : none		-	-	-	-	-	-
(ii) Changes in accounting policies							
Tools valuation	G	-	-	(7.02)	(119.25)	(43.01)	(35.22)
Unbilled Revenue	A	-	-	(21.08)	1.06	14.82	(2.37)
(iii) Other material adjustments							
Tool holders, Jigs, Fixtures, Instrument & Gauges - consumption reversal	B	-	-	-	-	108.63	76.32
Tool holders, Jigs, Fixtures, Instrument & Gauges - Depreciation	B	(0.42)	(11.85)	9.76	(9.50)	(98.31)	(74.24)
Provision for Warranty	M	-	-	(0.99)	(0.90)	(0.23)	(0.05)
Provision for Rejection	M	-	-	(1.10)	(0.75)	(0.19)	(0.04)
(iv) Reclassification adjustments							
Provision for Doubtful advances - Loan to WOS	C	-	35.45	(1.69)	0.36	(6.54)	(11.51)
Ind AS adjustments							
Fair Valuation of derivative instruments	I	-	-	31.71	(18.20)	(33.10)	(73.83)
Restatement of Term Loans	I	-	-	(49.67)	(20.34)	33.82	38.37
Finance cost on amortisation of upfront fees	T	-	-	(4.85)	(5.76)	(3.34)	(6.07)
Interest accrued on WOS loan	Q	-	-	8.28	7.36	7.37	3.90
Restatement of Deemed Equity	Q	-	-	(31.57)	17.12	(5.62)	(1.26)
Restatement on Loan to WOS - considered as "Non-Integral"		-	-	1.61	(1.30)	2.15	4.68
EPCG Benefit	L	-	-	134.21	163.66	95.98	149.17
Depreciation on account of EPCG Capitalisation	L	-	-	(106.41)	(90.13)	(101.56)	(91.80)
Rent Straightlining		-	-	(10.10)	(10.79)	(11.45)	(12.20)
Provision for Bad Debts under ECL	H	-	-	18.37	(31.10)	(20.10)	(5.82)
Deferred tax adjustment	J	(57.41)	(359.70)	116.03	(112.25)	(99.64)	11.53
Revaluation of Land - OCI	D	-	-	-	134.91	-	-
The effective portion of gains and loss on hedging instruments in a cash flow hedge	I	-	-	(0.41)	(10.63)	-	-
Fair Valuation of Equity Instruments through OCI	F	-	-	0.27	1.22	0.05	(3.70)
Total Adjustments		(57.83)	(336.10)	85.35	(105.21)	(160.27)	(34.14)
Restated total comprehensive income		119.13	392.48	406.01	420.02	264.91	388.05

2. Reconciliation of total equity as per audited financial statements with total equity as per Restated Financial Information

(Rupees in Millions)

Particulars	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	April 01, 2012
Total equity as per audited financial statements	6,072.01	5,901.97	4,606.43	4,291.06	3,774.03	3,353.43	1,943.23
Effect of restatements account of:							
(i) Audit qualifications : none	-	-	-	-	-	-	-
(ii) Changes in accounting policies	-	-	(243.94)	(215.84)	(97.65)	(69.46)	(31.87)
(iii) Other material adjustments	(7.77)	(7.35)	(6.41)	(14.13)	(2.97)	(12.84)	(14.84)
(iv) Reclassification adjustments	-	-	(35.45)	(33.76)	(34.12)	(27.58)	(16.07)
(iv) Ind AS adjustments	-	57.41	1,245.86	1,140.00	1,114.76	1,251.93	1,242.81
Total Adjustments	(7.77)	50.06	960.06	876.27	980.02	1,142.05	1,180.03
Total equity under Ind AS	6,064.24	5,952.03	5,566.49	5,167.33	4,754.05	4,495.48	3,123.26

Statement of reconciliation between previous GAAP and Ind AS

Reconciliation of equity as per previously reported under IGAAP to Ind AS:

(Rupees in Millions)

Particulars	Note	As at 31 March 16			As at 31 March 15		
		Previous GAAP*	Adjustments	Proforma Ind AS	Previous GAAP*	Adjustments	Proforma Ind AS
ASSETS							
Non-current assets							
Property, Plant and Equipment	B, D, L	8,247.04	1,598.40	**9,845.44**	7,715.73	1,571.11	**9,286.84**
Capital Work in progress		400.32	-	**400.32**	542.38	-	**542.38**
Other Intangible assets		54.92	-	**54.92**	43.19	-	**43.19**
Financial assets							
Investments	F	35.98	82.23	**118.21**	35.98	112.07	**148.05**
Loans	C, Q	336.81	(118.87)	**217.94**	312.31	(124.01)	**188.30**
Security Deposits	S	76.53	(32.41)	**44.12**	66.33	(23.99)	**42.34**
Current tax assets (Net)		14.11	-	**14.11**	-	-	**-**
Other non-current assets		161.72	-	**161.72**	270.74	-	**270.74**
		9,327.43	1,529.35	**10,856.78**	8,986.66	1,535.18	**10,521.84**
Current assets							
Inventories	B, G	1,956.87	(243.95)	**1,712.92**	1,602.14	(236.91)	**1,365.23**
Financial assets							
Trade receivables	H	1,420.97	(34.56)	**1,386.41**	1,380.48	(52.92)	**1,327.56**
Cash and cash equivalents		154.10	-	**154.10**	154.86	-	**154.86**
Security Deposits		73.08	-	**73.08**	61.19	-	**61.19**
Other Current assets	A	700.70	27.23	**727.93**	538.68	45.04	**583.72**
		4,305.72	(251.28)	**4,054.44**	3,737.35	(244.79)	**3,492.56**
Total Assets		13,633.15	1,278.07	**14,911.22**	12,724.01	1,290.39	**14,014.40**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share capital		57.49	-	**57.49**	57.49	-	**57.49**
Other Equity		4,548.92	960.08	**5,509.00**	4,233.57	876.27	**5,109.84**
		4,606.41	960.08	**5,566.49**	4,291.06	876.27	**5,167.33**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	I, T	3,160.32	(1.26)	**3,159.06**	3,099.09	(59.91)	**3,039.18**
Other Non-Current Financial Liabilities	I	0.20	27.72	**27.92**	0.20	60.86	**61.06**
Provisions	M	-	1.78	**1.78**	-	1.90	**1.90**
Deferred tax liabilities (Net)	J	314.20	150.21	**464.41**	207.70	266.47	**474.17**
		3,474.72	178.45	**3,653.17**	3,306.99	269.32	**3,576.31**
Current liabilities							
Financial Liabilities							
Borrowings		2,054.82	-	**2,054.82**	1,586.38	-	**1,586.38**
Trade payables		2,014.01	-	**2,014.01**	1,752.38	-	**1,752.38**
Other current Financial Liabilities	I	1,235.41	137.30	**1,372.71**	1,189.74	144.76	**1,334.50**
Other current liabilities	N	233.10	(1.17)	**231.93**	551.79	(1.15)	**550.64**
Current tax labilities (Net)		-	-	**-**	13.54	-	**13.54**
Provisions	M, N	14.68	3.41	**18.09**	32.13	1.19	**33.32**
		5,552.02	139.54	**5,691.56**	5,125.96	144.80	**5,270.76**
Total Equity and Liabilities		13,633.15	1,278.07	**14,911.22**	12,724.01	1,290.39	**14,014.40**

(Rupees in Millions)

Particulars	Note	As at 31 March 14 Previous GAAP*	Adjustments	**Proforma Ind AS**	As at 31 March 13 Previous GAAP*	Adjustments	**Proforma Ind AS**
ASSETS							
Non-current assets							
Property, Plant and Equipment	B, D, L	7,180.52	1,380.44	**8,560.96**	6,188.76	1,687.11	**7,875.87**
Capital Work in progress		126.59	-	**126.59**	115.55	-	**115.55**
Other Intangible assets		44.40	-	**44.40**	8.02	-	**8.02**
Financial assets							
Investments	F	35.98	110.86	**146.84**	35.98	88.68	**124.66**
Loans	C, Q	361.91	(148.86)	**213.05**	278.96	(121.95)	**157.01**
Security Deposits	S	62.90	(17.09)	**45.81**	60.17	(17.95)	**42.22**
Current tax assets (Net)		14.26	-	**14.26**	15.90	-	**15.90**
Other non-current assets		336.05	-	**336.05**	106.80	-	**106.80**
		8,162.61	1,325.35	**9,487.96**	6,810.14	1,635.89	**8,446.03**
Current assets							
Inventories	B, G	1,221.77	(117.68)	**1,104.09**	1,440.20	(386.08)	**1,054.12**
Financial assets							
Trade receivables	H	1,345.79	(21.82)	**1,323.97**	1,003.98	(1.72)	**1,002.26**
Cash and cash equivalents		57.11	-	**57.11**	89.11	-	**89.11**
Security Deposits		128.38	-	**128.38**	134.53	-	**134.53**
Other Current assets	A	562.46	37.15	**599.61**	472.09	23.21	**495.30**
		3,315.51	(102.35)	**3,213.16**	3,139.91	(364.59)	**2,775.32**
Total Assets		11,478.12	1,223.00	**12,701.12**	9,950.05	1,271.30	**11,221.35**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share capital		57.49	-	**57.49**	57.49	-	**57.49**
Other Equity		3,716.54	980.02	**4,696.56**	3,295.94	1,142.05	**4,437.99**
		3,774.03	980.02	**4,754.05**	3,353.43	1,142.05	**4,495.48**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	I, T	2,838.82	(72.72)	**2,766.10**	2,680.78	(49.02)	**2,631.76**
Other Non-Current Financial Liabilities	I	0.20	64.06	**64.26**	0.20	74.40	**74.60**
Provisions	M	-	1.54	**1.54**	-	1.45	**1.45**
Deferred tax liabilities (Net)	J	326.22	159.69	**485.91**	349.50	60.05	**409.55**
		3,165.24	152.57	**3,317.81**	3,030.48	86.88	**3,117.36**
Current liabilities							
Financial Liabilities							
Borrowings		1,668.98	-	**1,668.98**	1,625.68	-	**1,625.68**
Trade payables		1,368.98	-	**1,368.98**	867.34	-	**867.34**
Other current Financial Liabilities	I	1,169.35	91.48	**1,260.83**	776.35	43.35	**819.70**
Other current liabilities	N	316.85	(0.98)	**315.87**	282.15	(0.92)	**281.23**
Current tax labilities (Net)		-	-	**-**	-	-	**-**
Provisions	M, N	14.69	(0.09)	**14.60**	14.62	(0.06)	**14.56**
		4,538.85	90.41	**4,629.26**	3,566.14	42.37	**3,608.51**
Total Equity and Liabilities		11,478.12	1,223.00	**12,701.12**	9,950.05	1,271.30	**11,221.35**

Particulars	Note	As at 01 April 12		(Rupees in Millions)
		Previous GAAP*	Adjustments	**Proforma Ind AS**
ASSETS				
Non-current assets				
Property, Plant and Equipment	B, D, L	5,200.00	1,590.19	**6,790.19**
Capital Work in progress		556.32	-	**556.32**
Other Intangible assets		3.16	-	**3.16**
Financial assets				
Investments	F	35.98	71.16	**107.14**
Loans	C, Q	205.85	(91.86)	**113.99**
Security Deposits	S	61.47	(14.89)	**46.58**
Current tax assets (Net)		-	-	**-**
Other non-current assets		186.11	-	**186.11**
		6,248.89	1,554.60	**7,803.49**
Current assets				
Inventories	B, G	1,298.81	(313.36)	**985.45**
Financial assets				
Trade receivables	H	1,020.96	4.10	**1,025.06**
Cash and cash equivalents		170.97	-	**170.97**
Security Deposits		39.14	-	**39.14**
Other Current assets	A	439.15	22.45	**461.60**
		2,969.03	(286.81)	**2,682.22**
Total Assets		9,217.92	1,267.79	**10,485.71**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital		47.13	-	**47.13**
Other Equity		1,896.10	1,180.03	**3,076.13**
		1,943.23	1,180.03	**3,123.26**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	I, T	2,985.66	(22.63)	**2,963.03**
Other Non-Current Financial Liabilities	I	0.20	20.46	**20.66**
Provisions	M	-	1.43	**1.43**
Deferred tax liabilities (Net)	J	300.64	71.57	**372.21**
		3,286.50	70.83	**3,357.33**
Current liabilities				
Financial Liabilities				
Borrowings		1,360.68	-	**1,360.68**
Trade payables		1,357.93	-	**1,357.93**
Other current Financial Liabilities	I	823.17	17.16	**840.33**
Other current liabilities	N	387.30	(0.77)	**386.53**
Current tax labilities (Net)		10.40	-	**10.40**
Provisions	M, N	48.71	0.54	**49.25**
		3,988.19	16.93	**4,005.12**
Total Equity and Liabilities		9,217.92	1,267.79	**10,485.71**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Notes to Reconciliation

A. Revenue from machining charges and other services are recognised as and when the services are rendered in accordance with the specific terms of the contract and when the collectability of the resulting receivable is reasonably assured. As per old policy, revenue from services were recognised only when invoices are raised.

B. Tool holders,Jigs, Fixtures, Instruments and Gauges have been reclassified from Inventory to Property, Plant and equipment during the year 2013 -14 and has been depreciated at the rate of 20%. This has been given effect from the transition date and the corresponding changes in the consumption for Inventory and depreciation for PPE have been accounted for.

C. Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss had occurred.

D. Under Ind AS, the Company has adopted previous GAAP carrying value as deemed cost for PPE as on transition date except land which has been revalued as on transition date and the effect of these are reflected in total equity. The land was subsequently fairvalued on 31st March 2015 and the effect of these are reflected in total equity.

E. Under previous GAAP, prepayments under operating lease for land were included in Property, Plant and Equipment (PPE). Under Ind AS, the same are specifically covered by Ind AS 17 on 'leases' and hence reflected under other non-current/ current assets. The effect of these are reflected in total equity and Statement of Profit and Loss.

F. Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, non-current investments (other than investments in equity instruments of subsidiaries and joint venture) are measured at fair value through other comprehensive income. Consequently, the differences, as at the transition date and as at the end of subsequent years/ period, respectively between carrying value as per previous GAAP and fair value, are reflected in total equity and other comprehensive income.

G. The company has changed its accounting policy on the transition date to represent the consumption pattern of the tools that is in use. This has resulted in writing off of inventory. Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the company depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools are 2- 3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

H. Under previous GAAP the company was providing for bad debts on the basis of managements best estimate of expected non recovery of receivables. Under Ind AS, loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall. Consequently, the differences, as at the transition date and as at the end of subsequent years/ period, respectively are reflected in total equity and Statement of Profit and Loss.

I. Under previous GAAP, certain long term borrowings (for aquisition of property, plant and equipment) with associated derivative contracts (currency and interest rate swaps) were considered as integral and were accordingly accounted. Under Ind AS, borrowings and the associated derivative contracts are reckoned as separate financial liabilities and are measured at amortised cost (using effective interest method) and at fair value respectively. The effect of these (carrying values, finance costs, exchange differences and depreciation thereon) is reflected in total equity and Other comprehensive Income. Further, the effect, in case of all other borrowings measured at amortised cost, is reflected in total equity and Statement of Profit and Loss. Under previous GAAP, derivative accounting was not done and only long term monetary item was carried at the hedged exchange rate. Under the Ind AS, related long term monetary item are restated at closing spot rates and derivatives have been fair valued as Cash Flow Hedges and both were taken to hedge reserve. Based on the actual cash flow of the long term monetary item & derivative the exchange difference between the hedged rate and spot rate is taken to Statement of profit and loss as gain or loss.

J. Under Ind AS, deferred taxes are recognised relating to Ind AS adjustments including deferred taxes measured using balance sheet approach for all temporary differences. The effect of these are reflected in total equity and Statement of Profit and Loss.

K. under previous GAAP, Excise duty was adjusted in revenue from sale of products whereas under Ind AS, it is considered as a production cost and hence disclosed seperately as an expense in the statement of profit and loss.

L. Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statment of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled. On the transition date, the Company, therefore, recorded an adjustment to measure such property, plant and equipment in accordance with Ind AS 16. Under Previous GAAP, cost of the property, plant and equipment was recorded at the cash price paid to acquire such assets. Consequently, depreciation relating to the above differences in the cost of property, plant and equipment under Ind AS and Previous GAAP has also been adjusted to opening reserves and in the respective years.

M. The company has changed its accounting policy with respect to provision for warranty and rejections on the transition date to reflect best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences. Consequently, the effect of the change in policy is reflected in total equity and Statement of Profit and Loss.

N. Under previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, dividends are recognised when approved. This resulted in a temporary difference and has been reflected in total equity of the relevant financial years.

O. Under previous GAAP, Mininum Alternate Tax (MAT) entitlements were classified under Non Current Assets. Under Ind AS, it is classified as unused tax credits under deferred tax.

P. Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified items of income, expense, gains and losses are presented under OCI.

Q. Under previous GAAP interest free loan given to Craftsman Marine BV was recorded at its transaction value. Under Ind AS, such loans are recognized at fair value and the fair value loss on transition date is recognized as deemed investment in subsidiary.

R. Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised in profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between profit or loss and other comprehensive income.

S. Material interest-free security deposits have been discounted using market rates of interest as required under Ind AS and recorded at amortised cost.

T. Under previous GAAP, upfront fee / transaction costs incurred in connection with borrowings are amortised over the period of the borrowings using straight line basis. Under Ind AS, these transaction costs are included in the initially recognised amount of financial liability and charged to profit or loss using effective interest rate.

Reconciliation of total comprehensive income as per previously reported under previous GAAP to Ind AS:

(Rupees in Millions)

Particulars	Note	As at 31 March 16			As at 31 March 15			As at 31 March 14			As at 31 March 13		
		Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**
INCOME													
Revenue From Operations	A, K, L	8,717.97	1,011.13	**9,729.10**	7,747.17	851.82	**8,598.99**	5,875.57	888.30	**6,763.87**	5,713.18	855.58	**6,568.76**
Other Income	I	80.30	12.17	**92.47**	7.91	(9.02)	**(1.11)**	86.20	(27.68)	**58.52**	24.30	(65.29)	**(40.99)**
Total Income		8,798.27	1,023.30	**9,821.57**	7,755.08	842.80	**8,597.88**	5,961.77	860.62	**6,822.39**	5,737.48	790.29	**6,527.77**
EXPENSES													
Cost of materials consumed		2,942.65	-	**2,942.65**	2,041.38	-	**2,041.38**	1,409.81	-	**1,409.81**	1,265.20	-	**1,265.20**
Changes in inventories of finished goods and work-in-progress		(174.89)	-	**(174.89)**	(22.62)	-	**(22.62)**	(28.85)	-	**(28.85)**	(44.68)	-	**(44.68)**
Excise duty on sale of goods	K	-	898.00	**898.00**	-	687.10	**687.10**	-	777.50	**777.50**	-	708.79	**708.79**
Employee benefits expense	R	1,190.19	8.15	**1,198.34**	1,032.09	(11.93)	**1,020.16**	774.17	2.69	**776.86**	780.38	2.32	**782.70**
Depreciation and amortization expense	B, L	916.23	96.64	**1,012.87**	829.97	99.60	**929.57**	580.12	199.89	**780.01**	492.56	166.05	**658.61**
Other expenses	B, C, G, H, M	2,635.11	2.55	**2,637.66**	2,743.97	146.62	**2,890.59**	2,182.57	(27.12)	**2,155.45**	2,139.81	(11.50)	**2,128.31**
Finance costs	I, T	741.41	56.66	**798.07**	615.72	27.94	**643.66**	531.55	(28.97)	**502.58**	513.46	(31.09)	**482.37**
Total expenses		8,250.70	1,062.00	**9,312.70**	7,240.51	949.33	**8,189.84**	5,449.37	923.99	**6,373.36**	5,146.73	834.57	**5,981.30**
Profit before tax		547.57	(38.70)	**508.87**	514.57	(106.53)	**408.04**	512.40	(63.37)	**449.03**	590.75	(44.28)	**546.47**
Tax expense:													
(1) Current tax		120.41	-	**120.41**	107.86	-	**107.86**	110.50	-	**110.50**	119.70	-	**119.70**
Less:MAT Credit Entitlement		83.43	-	**83.43**	107.86	-	**107.86**	74.77	-	**74.77**	58.12	-	**58.12**
Net Current Tax		36.98	-	**36.98**	-	-	**-**	35.73	-	**35.73**	61.57	-	**61.58**
(2) Deferred tax	J	189.92	(118.85)	**71.07**	(10.66)	116.30	**105.64**	51.48	98.77	**150.25**	106.99	(12.28)	**94.71**
Profit for the year		320.67	80.15	**400.82**	525.23	(222.83)	**302.40**	425.19	(162.14)	**263.05**	422.19	(32.00)	**390.18**
Other Comprehensive Income													
A (i) Items that will not be reclassified to profit or loss													
- Remeasurement of defined benefit plans	R	-	8.15	**8.15**	-	(11.93)	**(11.93)**	-	2.68	**2.68**	-	2.32	**2.32**
- Equity Instruments through OCI	F	-	0.27	**0.27**	-	1.22	**1.22**	-	0.05	**0.05**	-	(3.70)	**(3.70)**
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(2.82)	**(2.82)**	-	4.05	**4.05**	-	(0.87)	**(0.87)**	-	(0.75)	**(0.75)**

(Rupees in Millions)

Particulars	Note	As at 31 March 16			As at 31 March 15			As at 31 March 14			As at 31 March 13		
		Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**	Previous GAAP*	Adjustments	**Proforma Ind AS**
B (i) Items that will be reclassified to profit or loss													
- The effective portion of gains and loss on hedging instruments in a cash flow hedge	I	-	(0.63)	**(0.63)**	-	(16.10)	**(16.10)**	-	-	**-**	-	-	**-**
- Surplus on revaluation of Land	D	-	-	**-**	-	134.91	**134.91**	-	-	**-**	-	-	**-**
(ii) Income tax relating to items that will be reclassified to profit or loss		-	0.22	**0.22**	-	5.47	**5.47**	-	-	**-**	-	-	**-**
Other Comprehensive Income for the year, net of tax		-	5.19	**5.19**	-	117.62	**117.62**	-	1.86	**1.86**	-	(2.13)	**(2.13)**
Total Comprehensive Income for the year		320.67	85.34	**406.01**	525.23	(105.21)	**420.02**	425.19	(160.28)	**264.91**	422.19	(34.13)	**388.05**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Statement of cash flows

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS

Craftsman Automation Limited
Annexure VII: Notes to restated standalone summary statement of assets and liabilities

1 Property, plant and equipment

(Rupees in Millions)

Asset Category	Freehold land	Freehold Building (Incl Leasehold Improvements)	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Total	Capital Work in Progress
Gross Block								
At April 1, 2012	482.94	526.85	5,713.45	24.65	13.12	29.18	**6,790.19**	544.04
Additions	22.22	237.58	1,413.08	23.76	4.55	0.62	**1,701.81**	361.73
Disposals	-	-	-	-	-	-	**-**	(807.16)
At Mar 31 2013	**505.16**	**764.43**	**7,126.53**	**48.41**	**17.67**	**29.80**	**8,492.00**	**98.61**
Additions	87.73	155.10	1,171.35	37.60	4.79	0.53	**1,457.10**	102.53
Disposals	-	-	-	-	-	-	**-**	(74.55)
At Mar 31, 2014	**592.89**	**919.53**	**8,297.88**	**86.01**	**22.46**	**30.33**	**9,949.10**	**126.59**
Additions	188.53	85.74	1,381.18	27.06	1.36	1.99	**1,685.86**	489.30
Disposals	(21.72)	-	(60.87)	-	-	(2.95)	**(85.54)**	(80.30)
At Mar 31 2015	**759.70**	**1,005.27**	**9,618.19**	**113.07**	**23.82**	**29.37**	**11,549.42**	**535.59**
Additions	-	301.64	1,237.04	20.91	1.45	-	**1,561.04**	400.33
Disposals	-	(25.73)	(6.81)	(22.85)	-	(0.26)	**(55.65)**	(535.60)
At Mar 31 2016	**759.70**	**1,281.18**	**10,848.42**	**111.13**	**25.27**	**29.11**	**13,054.81**	**400.32**
Additions	5.07	328.27	3,040.63	42.23	6.05	-	**3,422.25**	266.10
Disposals	-	-	(109.37)	(0.41)	-	(0.68)	**(110.46)**	(554.87)
At March 31, 2017	**764.77**	**1,609.45**	**13,779.68**	**152.95**	**31.32**	**28.43**	**16,366.60**	**111.55**
Additions	-	39.08	850.77	13.75	2.46	-	**906.06**	103.28
Disposals	-	-	(4.25)	(0.23)	-	(1.01)	**(5.49)**	(82.14)
At December 31, 2017	**764.77**	**1,648.53**	**14,626.20**	**166.47**	**33.78**	**27.42**	**17,267.17**	**132.69**
Depreciation								
At April 1, 2012	-	-	-	-	-	-	**-**	-
Additions	-	32.89	605.27	10.42	3.46	4.72	**656.76**	-
Disposals	-	-	(25.69)	(6.39)	(5.63)	(2.92)	**(40.63)**	-
At Mar 31 2013	**-**	**32.89**	**579.58**	**4.03**	**(2.17)**	**1.80**	**616.13**	**-**
Additions	-	40.16	724.71	3.70	1.63	4.26	**774.46**	-
Disposals	-	-	(0.84)	-	-	(1.61)	**(2.45)**	-
At March 31, 2014	**-**	**73.05**	**1,303.45**	**7.73**	**(0.54)**	**4.45**	**1,388.14**	**-**
Additions	-	42.79	820.32	44.64	3.11	7.82	**918.68**	-
Disposals	-	-	(42.26)	-	-	(1.98)	**(44.24)**	-
At Mar 31 2015	**-**	**115.84**	**2,081.51**	**52.36**	**2.57**	**10.29**	**2,262.58**	**-**
Additions	-	49.67	910.17	30.37	3.27	4.80	**998.28**	-
Disposals	-	(24.64)	(3.95)	(22.64)	-	(0.26)	**(51.49)**	-
At Mar 31 2016	**-**	**140.87**	**2,987.73**	**60.09**	**5.84**	**14.83**	**3,209.37**	**-**
Additions	-	57.53	1,017.33	22.05	3.33	3.52	**1,103.76**	-
Disposals	-	-	(102.99)	(0.41)	-	(0.50)	**(103.90)**	-
At March 31, 2017	**-**	**198.40**	**3,902.07**	**81.73**	**9.17**	**17.85**	**4,209.23**	**-**
Additions	-	56.49	883.71	19.55	2.84	2.52	**965.11**	-
Disposals	-	-	(1.70)	(0.04)	-	(0.90)	**(2.64)**	-
At December 31, 2017	**-**	**254.89**	**4,784.08**	**101.24**	**12.01**	**19.47**	**5,171.70**	-
Net Block								
At April 01, 2012	482.94	526.85	5,713.45	24.65	13.12	29.18	**6,790.19**	544.04
At March 31, 2013	505.16	731.54	6,546.95	44.38	19.84	28.00	**7,875.87**	98.61
At March 31, 2014	592.89	846.48	6,994.43	78.28	23.00	25.88	**8,560.96**	126.59
At March 31, 2015	759.70	889.43	7,536.68	60.71	21.25	19.08	**9,286.84**	535.59
At March 31, 2016	759.70	1,140.31	7,860.69	51.04	19.43	14.28	**9,845.44**	400.32
At March 31, 2017	764.77	1,411.05	9,877.61	71.22	22.15	10.58	**12,157.37**	111.55
At December 31, 2017	764.77	1,393.64	9,842.12	65.23	21.77	7.95	**12,095.47**	132.69

Note
1. All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no: 15 to annexure VII

2 INTANGIBLE ASSETS (Rupees in Millions)

Asset Category	Computer Software	Product Development	Total	Capital Work in Progress
Gross Block				
At April 1, 2012	3.16	-	**3.16**	12.28
Additions	6.71	-	**6.71**	4.66
Disposals	-	-	-	-
At March 31, 2013	**9.87**	-	**9.87**	**16.94**
Additions	41.93	-	**41.93**	-
Disposals	-	-	-	(16.94)
At March 31, 2014	**51.80**	-	**51.80**	-
Additions	9.68	-	**9.68**	6.79
Disposals	-	-	-	-
At March 31, 2015	**61.48**	-	**61.48**	**6.79**
Additions	26.32	-	**26.32**	-
Disposals	-	-	-	(6.79)
At March 31, 2016	**87.80**	-	**87.80**	-
Additions	24.85	63.56	**88.41**	-
Disposals	-	-	-	-
At March 31, 2017	**112.65**	**63.56**	**176.21**	-
Additions	38.19	-	**38.19**	-
Disposals	-	-	-	-
At December 31, 2017	**150.84**	**63.56**	**214.40**	-
Depreciation				
At April 1, 2012	-	-	-	-
Additions	1.85	-	**1.85**	-
Disposals	-	-	-	-
At March 31, 2013	**1.85**	-	**1.85**	-
Additions	5.55	-	**5.55**	-
Disposals	-	-	-	-
At March 31, 2014	**7.40**	-	**7.40**	-
Additions	10.89	-	**10.89**	-
Disposals	-	-	-	-
At March 31, 2015	**18.29**	-	**18.29**	-
Additions	14.59	-	**14.59**	-
Disposals	-	-	-	-
At Mar 31 2016	**32.88**	-	**32.88**	-
Additions	17.60	12.07	**29.67**	-
Disposals	-	-	-	-
At March 31, 2017	**50.48**	**12.07**	**62.55**	-
Additions	18.46	15.96	**34.42**	-
Disposals	-	-	-	-
At December 31, 2017	**68.94**	**28.03**	**96.97**	-
Net Block				
At April 1, 2012	3.16	-	**3.16**	12.28
At March 31, 2013	8.02	-	**8.02**	16.94
At March 31, 2014	44.40	-	**44.40**	-
At March 31, 2015	43.19	-	**43.19**	6.79
At March 31, 2016	54.92	-	**54.92**	-
At March 31, 2017	62.17	51.49	**113.66**	-
At December 31, 2017	81.90	35.53	**117.43**	-

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
FINANCIAL ASSETS						
3. NON CURRENT INVESTMENTS						
Investment in Equity of Subsidiaries						
Craftsman Automation Singapore Pte. Ltd.						
(Wholly owned subsidiary of the company)						
1,00,000 equity shares of SGD 1 each fully paid up (at cost Rs. 31,34,851)	3.13	3.13	3.13	3.13	3.13	3.13
Less: Provision for diminution in value	(3.13)	(3.13)	-	-	-	-
Craftsman Marine B.V. Netherlands						
(Wholly owned subsidiary of the company)						
900 equity shares of Euro 100 each fully paid up (at cost Rs. 57,47,848)	5.75	5.75	5.75	5.75	5.75	5.75
Investment in Equity of Joint Venture						
Carlstahl Craftsman Enterprises Private Ltd (30% stake)						
600,000 equity shares of Rs.10 each fully paid up	6.00	6.00	6.00	6.00	6.00	6.00
Investment in Equity instruments (at Fair Value through OCI)						
Quoted						
Jain Irrigation Limited	0.07	0.05	0.03	0.03	0.04	0.03
(546 shares of Rs.2 each fully paid up (cost Rs. 1,00,000))						
Unquoted						
MC Craftsman Machinery Private Ltd (10% stake)						
210,000 equity shares of Rs.100 each fully paid up	14.82	14.81	14.85	14.58	13.36	13.30
iEnergy wind farm (Theni) Private Ltd						
2167 equity shares of Rs.10 each fully paid up	0.02	-	-	-	-	-
TAGMA Centre of Excellence and Training						
15 equity shares of Rs.10 each fully paid up	0.49	-	-	-	-	-

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	**As at Dec 31 2017**	**As at Mar 31 2017**	**As at Mar 31 2016 (Proforma)**	**As at Mar 31 2015 (Proforma)**	**As at Mar 31 2014 (Proforma)**	**As at Mar 31 2013 (Proforma)**
Bhatia Coke & Energy Limited						
34,810 equity shares of Rs.10 each fully paid up	11.00	-	-	-	-	-
Other Investments at fair value						
Deemed Equity- Wholly Owned Subsidiary Craftsman Marine B.V	75.43	81.01	88.45	118.56	118.56	96.45
Total	**113.58**	**107.62**	**118.21**	**148.05**	**146.84**	**124.66**
Aggregate amount of quoted investments and market value thereof	0.07	0.05	0.03	0.03	0.04	0.03
Aggregate amount of unquoted investments (at fair value) including deemed equity	113.51	107.57	118.18	148.02	146.80	124.63
4. Loan to Wholly Owned Subsidiaries						
Craftsman Marine B.V. The Netherlands	221.62	202.09	217.94	188.30	213.05	157.01
Craftsman Automation Singapore Pte. Ltd. Singapore	34.20	33.27	35.37	33.75	34.13	27.58
Add: Interest Accrued	0.19	0.15	0.08	0.01	-	-
Less: Provision for Doubtful Advances	(34.40)	(33.42)	(35.45)	(33.76)	(34.13)	(27.58)
Total	**221.61**	**202.09**	**217.94**	**188.30**	**213.05**	**157.01**
5. SECURITY DEPOSITS						
Rent Deposit - Non Current	67.33	44.40	44.12	42.34	45.81	40.76
Other Deposits	-	-	-	-	-	1.46
Total	**67.33**	**44.40**	**44.12**	**42.34**	**45.81**	**42.22**
6. CURRENT TAX ASSETS (NET)						
Advance payment of income tax less provisions	77.06	40.18	14.11	-	14.26	15.90
Total	**77.06**	**40.18**	**14.11**	**-**	**14.26**	**15.90**

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
7. OTHER NON CURRENT ASSETS						
Unsecured, considered good						
Prepayments under operating lease	85.08	85.89	86.97	88.05	12.30	12.61
Capital Advances	207.28	106.30	74.75	182.69	323.75	94.19
Total	**292.36**	**192.19**	**161.72**	**270.74**	**336.05**	**106.80**

8. INVENTORIES						
Raw Materials, Components and Consumables	851.67	634.17	443.94	282.05	305.67	174.00
Work-in-progress	972.16	794.33	575.37	400.48	366.85	317.51
Finished goods	-	-	-	-	11.01	31.50
Consumable Stores	367.21	297.06	360.94	371.86	185.00	322.94
Tools in use	262.37	168.07	124.96	151.50	102.74	72.55
Machinery Spares	295.73	245.37	199.07	145.44	128.14	131.27
Packing Materials	16.05	17.58	8.64	13.90	4.68	4.35
Total	**2,765.19**	**2,156.58**	**1,712.92**	**1,365.23**	**1,104.09**	**1,054.12**
Inventory valued at NRV	30.40	26.80	17.90	8.96	-	-
Amount written down to arrive at NRV*	7.90	10.20	13.40	3.69	-	-

*These were recognised as an expense during the period / year and included in changes in value of inventories of WIP in Statement of Profit and Loss

9. TRADE RECEIVABLES						
Unsecured						
Considered good **	1,913.83	1,782.22	1,386.41	1,327.56	1,323.97	1,002.26
Considered doubtful	69.52	69.47	49.09	60.11	42.84	22.74
Less: Provision for doubtful debts	(69.52)	(69.47)	(49.09)	(60.11)	(42.84)	(22.74)
Total	**1,913.83**	**1,782.22**	**1,386.41**	**1,327.56**	**1,323.97**	**1,002.26**

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
Ageing of trade receivables						
Period outstanding:						
0 - 180 days	1,781.53	1,594.13	1,292.04	1,190.80	1,147.66	829.64
181 - 360 days	117.84	138.40	72.40	104.21	124.95	88.88
morethan 360 days	83.98	119.16	71.06	92.66	94.20	106.48
	1,983.35	1,851.69	1,435.50	1,387.67	1,366.81	1,025.00
** includes receivable from						
Craftsman Marine B.V, a wholly owned subsidiary	24.81	74.62	90.43	125.75	112.21	143.86
Carl Stahl Craftsman Enterprise Private Limited, a JV company.	44.34	7.41	2.87	1.74	7.59	7.95
MC Craftsman Machinery Private Limited, common director - company	0.24	1.16	3.95	0.53	1.09	0.58
Mastercraft Engineers Private Limited, common director - company	-	-	-	-	-	3.26
Movement in Provision for doubtful debt is as follows :						
Opening	69.47	49.09	60.11	42.84	22.74	9.47
Additions (net of utilisation)	0.05	20.38	(11.02)	17.27	20.10	13.27
Closing	69.52	69.47	49.09	60.11	42.84	22.74

The provision is recognised as per Expected Credit Loss model in line with Ind AS 109 as on transition date and remeasured at the end of every financial reporting period.

10. CASH AND CASH EQUIVALENTS

a. Balances with banks	365.77	216.04	70.31	46.06	20.37	25.16
b. Cash on hand	1.43	1.37	1.46	2.47	1.79	6.20
c. Other Bank balances						
i) Margin money against LC	128.01	131.34	57.14	82.64	14.87	39.34
ii) Margin money against Guarantee	27.16	25.79	25.19	23.69	20.08	18.41
Total	**522.37**	**374.54**	**154.10**	**154.86**	**57.11**	**89.11**

11. SECURITY DEPOSIT-CURRENT

Security Deposits -Current	101.56	92.48	73.08	61.19	128.38	134.53
Total	**101.56**	**92.48**	**73.08**	**61.19**	**128.38**	**134.53**

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
12. OTHER CURRENT ASSETS						
(Unsecured, considered good unless otherwise stated)						
Balances with Government Authorities	463.21	785.53	608.47	429.54	407.69	364.74
Advance to Suppliers	104.75	76.91	30.79	62.53	80.08	40.74
Prepaid Expenses	71.46	54.03	66.05	43.13	37.90	38.93
Advance to Employees	6.77	1.64	12.61	8.30	4.42	31.28
Others	46.91	40.15	10.01	40.22	69.52	19.61
Total	**693.10**	**958.26**	**727.93**	**583.72**	**599.61**	**495.30**

13. EQUITY SHARE CAPITAL

(Rupees in Millions)

Particulars	**As at Dec 31 2017**		**As at Mar 31 2017**		**As at Mar 31 2016**		**As at Mar 31 2015**		**As at Mar 31 2014**		**As at Mar 31 2013**	
	Nos.	**Amount**	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Authorised												
Equity Shares of Rs.100 each	2,000,000	200.00	1,000,000	100.00	1,000,000	100.00	1,000,000	100.00	1,000,000	100.00	1,000,000	100.00
Issued, called,subscribed & Paid Up												
Equity Shares of Rs.100 each	1,006,080	100.61	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49
Total	1,006,080	100.61	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49

The movement of equity shares is as below

(Rupees in Millions)

Particulars	**Nos.**	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**
Shares outstanding at the beginning of the year	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	471,263	47.13
Shares Issued during the year	431,177	43.12	-	-	-	-	-	-	-	-	103,640	10.36
Shares outstanding at the end of the year	1,006,080	100.61	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49	574,903	57.49

Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	531,562	53%	303,750	53%	303,750	53%	303,750	53%	303,750	53%	303,750	53%
International Finance Corporation-USA	141,405	14%	80,803	14%	80,803	14%	80,803	14%	80,803	14%	80,803	14%
S Murali	106,313	11%	60,750	11%	60,750	11%	60,750	11%	60,750	11%	60,750	11%
K Gomatheswaran	70,875	7%	40,500	7%	40,500	7%	40,500	7%	40,500	7%	40,500	7%
Marina III (Singapore) Pte Limited	155,925	15%	89,100	15%	-	-	-	-	-	-	-	-
Standard chartered Private Equity (Mauritius)II Limited	-	-	-	-	89,100	15%	89,100	15%	89,100	15%	89,100	15%
Total	1,006,080	100%	574,903	100%	574,903	100%	574,903	100%	574,903	100%	574,903	100%

For the period of five years immediately preceding the balance sheet date

i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The company has not allotted any shares pursuant to contracts without payment being received in cash

ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

- The Board at its meeting held on November 03, 2017 had recommended for issue of Bonus shares upon the approval by the shareholders. The record date was fixed as November 03, 2017 and the shareholders in the Extra ordinary General Meeting was held on December 11, 2017, approved the same. Accordingly, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of Rs.100 each fully paid up for every four existing equity shares of Rs.100 each fully paid up.

iii) Details of number and class of shares bought back:

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars		As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)

Sub-division of shares:

Subsequent to the reporting date (31.12.2017), the Board at its meeting held on March 30, 2018 had recommended for sub-division of equity shares of face value Rs.100 each into equity shares of face value of Rs. 5 each upon the approval by the shareholders. The members at the Extraordinary General Meeting held on April 30, 2018 approved the same. Consequently, total number of equity shares outstanding stands changed to 20,121,600 equity shares of face value Rs.5 each from that date. The shareholding of the company as on December 31, 2017 considering the sub-division would be as follows:

Name of the equity shareholder	No. of Shares held	% of Holding
S Ravi	10,631,240	53%
International Finance Corporation-USA	2,828,100	14%
S Murali	2,126,260	11%
K Gomatheswaran	1,417,500	7%
Marina III (Singapore) Pte Limited	3,118,500	15%
Total	20,121,600	100%

14. OTHER EQUITY

		As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
Securities Premium Account	A	1,379.53	1,422.65	1,422.65	1,422.65	1,422.65	1,422.65
General Reserves	B	966.21	966.21	966.21	934.14	881.62	839.10
Cash Flow Hedge Reserve	C	(69.78)	(31.97)	(11.04)	(10.63)	-	-
Change in fair value of FVOCI equity instruments		(6.21)	(6.24)	(6.22)	(6.49)	(7.71)	(7.76)
Revaluation Surplus	D	134.91	134.91	134.91	134.91	-	-
Retained Earnings	D	3,558.97	3,408.98	3,002.49	2,635.26	2,400.00	2,184.00
Total		**5,963.63**	**5,894.54**	**5,509.00**	**5,109.84**	**4,696.56**	**4,437.99**

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.General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

C.Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

D. Retained Earnings includes Rs. 419.32 million of revaluation reserve created due to land revaluation on transition date (01.04.2012) and revaluation surplus of Rs.134.91 million has been created due to land revaluation on 31.03.2015 which will not be available for distribution of profits

15. LONG TERM BORROWINGS

(Rupees in Millions)

Particulars	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-Current	Current *	Non-Current	Current *	Non-Current	Current *	Non-Current	Current *	Non-Current	Current *	Non-Current	Current *
Secured												
From Banks												
Rupee Term Loans	1,749.76	504.54	2,286.76	304.82	1,297.47	221.16	900.70	232.36	564.71	165.59	333.03	144.50
Foreign Currency Term Loans	2,279.13	808.92	1,590.34	855.65	1,861.59	732.54	2,138.48	632.61	2,201.39	635.82	2,298.73	444.40
	4,028.89	**1,313.46**	**3,877.10**	**1,160.47**	**3,159.06**	**953.70**	**3,039.18**	**864.97**	**2,766.10**	**801.41**	**2,631.76**	**588.90**
From NBFC												
Rupee Term Loans	423.76	62.50	463.98	33.33	-	-	-	-	-	-	-	-
Total	**4,452.65**	**1,375.96**	**4,341.08**	**1,193.80**	**3,159.06**	**953.70**	**3,039.18**	**864.97**	**2,766.10**	**801.41**	**2,631.76**	**588.90**

Notes:
1. These are carried at amortised cost.
* Taken to other current financial liabilities (Note 21 of Annexure VII)

Details of security and terms of long term borrowings outstanding as on 31.12.2017: **(Rupees in Millions)**

Sr. No.	Name of the Lender	Facility	Amount sanctioned (Rs. millions)	Amount outstanding (Rs. millions)	Security	Rate of interest	Prepayment Penalty	Repayment terms
1	STATE BANK OF INDIA	TL	720.00	724.41	refer note below	MCLR + 3.00% : 11.90%	2.00% of the amount to be prepaid	72 equal instalments from Jan 2018 at Rs.1 Crore each instalment.
2	STATE BANK OF INDIA	TL	400.00	203.46		MCLR + 3.00% : 11.90%		72 instalments from Jan 2014 as below: Jan 14 to Mar 14: 1Cr/instalment FY 2015-16 & 2016-17: 50 L/instalment FY 2017-18: 60 L/instalment FY 2018-19: 70 L/instalment Apr 19 to May 19: 70 L/instalment June 19 to Mar 20: 80 L/instalment

Sr. No.	Name of the Lender	Facility	Amount sanctioned (Rs. millions)	Amount outstanding (Rs. millions)	Security	Rate of interest	Prepayment Penalty	Repayment terms
3	STATE BANK OF INDIA	TL	300.00	111.03	refer note below	MCLR + 3.00% : 11.90%	2.00% of the amount to be prepaid	60 equal instalments from Oct 2014 at Rs.50 Lakhs each instalment.
4	STATE BANK OF INDIA	TL	800.00	34.14		MCLR + 3.00% : 11.90%		74 instalments from Feb 2012 with a moratorium of 1 year from Feb 2011
5	ICICI Bank Limited	TL	250.00	-		Non-Fund Based Limit	Not applicable	This Limit will be liquidated upon the conversion of the LCs into Term Loan.
6	ICICI Bank Limited	TL	750.00	490.86		9.90%	1.00% of the amount to be prepaid	Rupee Term Loan - Rs.50.00 Cr - repayable in 15 quarterly instalments starting from the 6 th month of the drawdown. Rupee Term Loan of Rs.25.00 Cr - repayable in 25 quarterly instalments from the 12th month of the first drawdown
7	ICICI Bank Limited	ECB	288.9 (JPY 525.42 Million)	51.47		7.14%	0.20% of the amount to be prepaid	JPY 30.094 Mio * 15 Semi Annual + JPY 30.090 * 1 Semi Annual.First instalment due at the end of 6 months from first drawdown
8	ICICI Bank Limited	ECB	600 (USD 13.33 Million)	257.31		6.26%	Discretion of the bank	USD 0.66 Mio * 5 Semi Annual + USD 2.00 Mio * 5 Semi Annual. First instalment due at the end of 30 months from first drawdown
9	EXIM BANK	TL	315.00	245.51		5.20%	Discretion of the bank	20 equal quarterly instalments after 24 month moratorium.
10	EXIM BANK	TL	330.00	314.00		5.27% (FC Portion) LTMLR +200BPS for INR Portion		24 equal quarterly instalments after 24 month moratorium.
11	EXIM BANK	TL	400.00	135.21		5.30% IRS 5.8025% IRS (2 portions of FC- EIB & Non EIB) LTMLR +230BPS for INR Portion		24 equal quarterly instalments after 24 month moratorium.
12	EXIM BANK	TL	125.00	74.38		LTMLR +250BPS		20 equal quarterly instalments after 24 month moratorium.

Sr. No.	Name of the Lender	Facility	Amount sanctioned (Rs. millions)	Amount outstanding (Rs. millions)	Security	Rate of interest	Prepayment Penalty	Repayment terms
13	STANDARD CHARTERED BANK	ECB	305.5 (USD 5.00 Million)	193.20	refer note below	11.59%	-	20 equal quarterly instalments after 12 month moratorium. First Instalment start at 15th month
14	STANDARD CHARTERED BANK	ECB	518.0 (USD 8.00 Million)	515.20		9.94%		20 equal quarterly instalments after 12 month moratorium. First Instalment start at 15th month
15	STANDARD CHARTERED BANK	ECB	270.0 (USD 5.00 Million)	47.38		13.70%		16 equal quarterly instalments after 12 month moratorium. First Instalment start at 15th month
16	STANDARD CHARTERED BANK	ECB	397.2 (USD 6.00 Million)	347.35		11.25%		20 equal quarterly instalments after 12 month moratorium. First Instalment start at 15th month
17	RBL Bank Ltd	TL	400.00	395.23		10.75% firmed by Interest Rate Swap	Discretion of the bank	Year 1 = Rs.0.50 Cr * 2 Qtr Year 2 = Rs. 1.00 Cr * 4 Qtr Year 3, 4, 5 = Rs. 2.18 Cr * 12 Qtr Year 6 = Rs. 2.18 Cr * 3 Qtr + Rs.2.3 Last Qtr
18	IDBI Bank Ltd	TL	320.00	303.49		MCLR(Y) + 345 bps: 12.10 % p.a.	2% on the outstanding loan amount	Repayable in 20 quarterly instalments after a moratorium period of 15 months.
19	BAJAJ FINANCE LTD	TL	500.00	486.26		9.90% w.e.f 1st Jan 2018	-	Repayable in 24 quarterly instalments after a moratorium period of 12 months.
20	Kotak Mahindra Bank	TL	320.00	281.87		10.65%	2% on the outstanding loan amount	Repayable in 20 quarterly instalments after a moratorium period of 12 months.
21	Indian Bank	TL	250.00	151.76		1 Year MCLR + 2.75% (Presently 11.10%)	2 % of the drawing limit or balance outstanding, whichever is higher.	Repayable in 24 quarterly instalments after a moratorium period of 15 months.
22	Indian Bank	TL	350.00	382.14		1 Year MCLR + 2.25% (Presently 10.60%)		Repayable in 60 monthly instalments after a moratorium period of 24 months.
23	Indian Bank	TL	368.00	82.93		1 Year MCLR + 1.50% (Presently 9.85%)		Repayable in 20 quarterly instalments of Rs. 1.84 Cr after a moratorium period of 2 years.

Note: All the loans above are secured by hypothecation of paripassu first charge on entire fixed assets and second paripassu charge on the movable current assets of the company

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
16. NON-CURRENT FINANCIAL LIABILITIES- OTHERS						
Currency swap & IRS Derivative	14.25	10.01	27.72	60.86	64.06	74.40
Rent Advance	0.20	0.20	0.20	0.20	0.20	0.20
Total	**14.45**	**10.21**	**27.92**	**61.06**	**64.26**	**74.60**

Notes:
1. Currency swaps are for principal only and are cash flow hedges and hence are carried at fair value through OCI
2. IRS derivatives are carried at fair value through Statement of Profit & Loss

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
17. LONG TERM PROVISIONS						
Other Provisions						
Provision for Warranty Cost	1.98	1.99	1.78	1.90	1.54	1.45
Total	**1.98**	**1.99**	**1.78**	**1.90**	**1.54**	**1.45**
Opening	1.99	1.78	1.90	1.54	1.45	1.43
Transferred to Short Term	(0.35)	(0.30)	(0.70)	(0.57)	(0.46)	(0.38)
Warranty provided	0.33	0.51	0.54	0.92	0.55	0.40
Closing	1.98	1.99	1.78	1.90	1.54	1.45
18. DEFERRED TAX LIABILITIES (NET)						
Deferred Tax Liabilities	1,353.26	1,319.09	1,162.30	1,061.18	903.94	722.94
Deferred Tax Assets	(456.87)	(417.52)	(176.18)	(148.73)	(87.60)	(57.73)
	896.39	**901.57**	**986.12**	**912.45**	**816.34**	**665.21**
MAT Credit Entitlement- Unused tax credit	(670.70)	(617.76)	(521.71)	(438.28)	(330.43)	(255.66)
Total	**225.69**	**283.81**	**464.41**	**474.17**	**485.91**	**409.55**

Note : Refer Note No 33 of Annexure VII for detailed deferred tax working and effective tax rate reconiliation

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
Movement in deferred tax (assets)/ liabilities						
Opening deferred tax (assets)/ liabilities (net of MAT Credit) (A)	283.81	464.41	474.17	485.91	409.55	372.21
Charged to profit or loss						
Depreciation & Amortization	47.33	137.70	101.13	157.24	181.00	131.76
Provision for loans and advances	1.65	15.82	(0.09)	(0.63)	(3.23)	(4.71)
Upfront fees	1.48	3.83	(1.61)	(1.96)	(0.82)	(1.97)
Provision for doubtful debts	(6.90)	(7.05)	3.44	(5.87)	(11.57)	(4.32)
Rent Straightlining	(2.51)	(3.78)	(3.78)	(3.67)	(4.25)	(3.96)
Unrecognised Exchange Gain/Loss	(16.01)	(10.00)	(24.19)	0.97	13.45	14.82
Unabsorbed Depreciation Loss	12.98	(320.71)	-	-	-	-
Tools Valuation	-	84.42	(3.90)	(40.53)	(15.77)	(11.43)
Derivative Instruments	(18.00)	29.81	10.05	(4.33)	(12.79)	(23.96)
Other temperorary differences	-	(1.20)	(9.99)	4.42	4.25	(1.52)
Total **(B)**	20.02	(71.16)	71.07	105.64	150.26	94.71
Charged to other comprehensive income						
Cash flow hedge reserve	(20.01)	(11.08)	(0.22)	(5.47)	-	-
Remeasurement of defined benefit obligation	(5.19)	(2.31)	2.82	(4.05)	0.87	0.75
Total **(C)**	(25.20)	(13.39)	2.60	(9.52)	0.87	0.75
MAT Credit (availed) / utilised (D)	(52.94)	(96.05)	(83.43)	(107.86)	(74.77)	(58.12)
Closing deferred tax (assets)/ liabilities (net of MAT Credit) (E = A + B + C + D)	225.69	283.81	464.41	474.17	485.91	409.55

Particulars		As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
19. SHORT TERM BORROWINGS							
Secured							
Loans repayable on demand from banks							
Rupee Loans		2,264.14	1,506.03	1,327.09	1,108.73	1,338.48	1,225.29
Foreign Currency Loans		363.56	529.39	527.73	377.65	230.50	250.39
	A	**2,627.70**	**2,035.42**	**1,854.82**	**1,486.38**	**1,568.98**	**1,475.68**
Unsecured							
Rupee Loans		-	200.00	200.00	100.00	100.00	150.00
	B	-	**200.00**	**200.00**	**100.00**	**100.00**	**150.00**
Total	**A + B**	**2,627.70**	**2,235.42**	**2,054.82**	**1,586.38**	**1,668.98**	**1,625.68**

Short Term Borrowings from banks are secured by
a. first pari passu charge on current assets of the company.
b. second pari passu charge on fixed assets of the company.
In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director

Details of security and terms of short term borrowings outstanding as on 31.12.2017:

Sr. No.	Name of the Lender	Facility	Amount sanctioned (in millions)	Amount outstanding (in millions)	Sanction Date	Security	Rate of interest	Repayment terms
1	State Bank of India (Consortium)	WC	4,040.00*		01-02-17	Refer note below		Repayable on Demand
1.1	State Bank of India	WC	1,300.00	986.37	01-02-17		MCLR + 2.00% : 10.90% for CC MCLR + 0.55% : 9.45% for EPC	Repayable on Demand
1.2	HDFC Bank	WC	300.00	275.00	01-02-17		Linked to HDFC Bank MCLR, currently 10.50%	Repayable on Demand
1.3	Standard Chartered Bank	WC	600.00	509.56	01-02-17			Repayable on Demand
1.4	IDBI Bank Limited	WC	300.00	287.40	20-01-17		MCLR(Y) + 185 bps; : 10.40% p.a.	Repayable on Demand
1.5	ICICI Bank Limited	WC	400.00	16.36	19-10-17		9.40% on WCDL	Repayable on Demand
2	Indian Bank	WC	300.00	300.00	16-12-17		Cash Credit 10.35%	Repayable on Demand
3	RBL Bank Limited	WC	250.00	250.00	24-03-17		9.40% on WCDL	Repayable on Demand

Note: All the loans above are secured by hypothecation of paripassu first charge on entire fixed assets and second paripassu charge on the movable current assets of the company
*includes Rs.1,140.00 million non-fund based limit

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
20. TRADE PAYABLES						
Due to Micro and Small Enterprises-(MSME)	41.70	51.37	34.01	62.35	7.72	10.58
Due to other than MSME	3,281.97	2,869.86	1,895.16	1,665.91	1,289.68	856.76
Accrued Expenses and others	120.49	60.18	84.84	24.12	71.58	-
Total	**3,444.16**	**2,981.41**	**2,014.01**	**1,752.38**	**1,368.98**	**867.34**

The company is regular in making payments to the enterprises (as defined in MSMED Act, 2006) before the due dates agreed upon. Hence the question of payment / provision of interest towards belated payment does not arise. During the year there was no interest payment under this statute.

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
21. OTHER CURRENT FINANCIAL LIABILITIES						
Current maturities of long-term debt	1,375.96	1,193.81	953.70	864.97	801.41	588.90
Interest accrued but not due on borrowings	40.67	43.39	44.82	42.40	31.20	25.26
Currency swap , IRS & Forward cover derivative	113.71	66.44	81.70	99.27	68.98	25.55
Creditors for capital goods and services	134.55	521.24	108.92	168.88	159.62	83.77
Employee related liabilities	148.66	151.09	110.92	95.28	57.94	35.42
Others						
* Others	94.90	124.32	69.87	45.50	113.12	23.26
* Other dues to directors	51.07	9.64	2.78	18.20	28.56	37.54
Total	**1,959.52**	**2,109.93**	**1,372.71**	**1,334.50**	**1,260.83**	**819.70**

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
22. OTHER CURRENT LIABILITIES						
Advance from customers	219.52	246.36	214.36	529.44	304.61	269.50
Deferred Revenue- EPCG benefit	-	114.78	-	-	-	-
Statutory Dues	58.92	38.28	17.57	21.20	11.26	11.73
Others	-	0.74	-	-	-	-
Total	**278.44**	**400.16**	**231.93**	**550.64**	**315.87**	**281.23**
23. CURRENT TAX LIABILITIES (NET)						
Provision for Tax (Net)	-	-	-	13.54	-	-
Total	**-**	**-**	**-**	**13.54**	**-**	**-**
24. SHORT TERM PROVISIONS						
Provision for employee benefits						
Gratuity	32.72	10.15	8.93	26.38	8.94	9.23
Other Provisions						
Provision for Warranty Cost	4.49	3.04	4.05	2.93	2.39	2.25
Provision for Rejection	7.54	3.91	5.11	4.01	3.27	3.08
Total	**44.75**	**17.10**	**18.09**	**33.32**	**14.60**	**14.56**

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016 (Proforma)	As at Mar 31 2015 (Proforma)	As at Mar 31 2014 (Proforma)	As at Mar 31 2013 (Proforma)
Note:						
Movement in Provision for product warranties is as follows :						
Opening	3.04	4.05	2.93	2.39	2.25	2.22
Expired during the period / year	(0.95)	(4.05)	(2.93)	(2.39)	(2.25)	(2.22)
Provision for the period / year	2.40	3.04	4.05	2.93	2.39	2.25
Closing	4.49	3.04	4.05	2.93	2.39	2.25

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 60 months.

Movement in Provision for rejection is as follows :

Opening	3.91	5.11	4.01	3.27	3.08	3.03
Expired during the period / year	(3.91)	(5.11)	(4.01)	(3.27)	(3.08)	(3.03)
Provision for the period / year	7.54	3.91	5.11	4.01	3.27	3.08
Closing	7.54	3.91	5.11	4.01	3.27	3.08

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed and replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the PV of management's best estimate of possible rejections within the next one quarter.

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars		Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
25. REVENUE FROM OPERATIONS							
Sale of products;							
Domestic Sales		5,625.26	5,630.35	3,826.69	2,598.53	1,825.82	1,483.75
Export Sales		954.88	1,489.77	1,668.38	1,785.26	1,133.76	1,091.27
	A.	**6,580.14**	**7,120.12**	**5,495.07**	**4,383.79**	**2,959.58**	**2,575.02**
Sale of services;							
Machining Charges		3,233.78	3,817.24	3,391.72	3,308.22	3,084.13	3,202.41
Service Charges		7.64	6.39	3.71	3.52	7.96	3.02
	B.	**3,241.42**	**3,823.63**	**3,395.43**	**3,311.74**	**3,092.09**	**3,205.43**
Other operating revenues;							
Sale of swarf & others		744.36	750.75	645.51	714.85	601.69	639.14
Duty Drawback		18.33	25.14	22.39	24.95	14.53	-
EPCG income on fulfilling obligation		136.76	254.81	134.21	163.66	95.98	149.17
Export Incentive under MEIS		24.60	35.09	36.49	-	-	-
	C.	**924.05**	**1,065.79**	**838.60**	**903.46**	**712.20**	**788.31**
Revenue from operations (Gross)	**(A+B+C)**	**10,745.61**	**12,009.54**	**9,729.10**	**8,598.99**	**6,763.87**	**6,568.76**
26. OTHER INCOME							
Particulars	**Nature**						
Interest income:							
Interest Income from deposits	Recurring	7.08	14.70	8.61	5.47	6.08	8.70
Interest Income due to unwinding of fair valued assets							
-Rent Advance	Recurring	3.39	3.52	2.14	1.83	1.52	1.21
-Deemed Equity	Recurring	6.54	7.91	8.21	7.35	7.37	3.90
Interest on Loan to WOS	Recurring	0.05	0.06	0.07	0.01	-	-
Other non-operating income:							
Rental income	Recurring	1.76	2.38	2.27	2.27	2.14	2.02
Others	Recurring	0.43	2.77	6.26	0.16	-	-

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars		Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
Particulars (Other income - contd)	**Nature**						
Other gains and losses:							
Net gain on sale of assets	Non-recurring	(0.04)	4.00	1.26	-	0.32	0.80
Exchange rate Gain/(Loss) on Transaction & Translation	Recurring	38.50	-	31.94	-	74.19	16.21
MTM Gain / (Loss) - Derivative -(Net)	Recurring	20.23	79.03	31.71	(18.20)	(33.10)	(73.83)
Total		**77.94**	**114.37**	**92.47**	**(1.11)**	**58.52**	**(40.99)**

The classification of other income as recurring/non-recurring, related/not-related to business activity is based on the current operations and business activity of the Company

27. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Cost of consumption	4,028.13	3,852.98	2,795.84	1,923.14	1,305.73	1,063.74
Carriage inward	112.06	123.60	100.34	80.49	45.97	57.95
Sub Contract Charges	26.53	40.67	46.47	37.75	58.11	143.51
Total	**4,166.72**	**4,017.25**	**2,942.65**	**2,041.38**	**1,409.81**	**1,265.20**

28. CHANGES IN INVENTORIES OF FG & WIP

Inventory at the end of the year						
Work in Progress	972.16	794.33	575.37	400.48	366.85	317.51
Finished Goods	-	-	-	-	11.01	31.50
Sub total	**972.16**	**794.33**	**575.37**	**400.48**	**377.86**	**349.01**
Inventory at the beginning of the year						
Work in Progress	794.33	575.37	400.48	366.85	317.51	254.42
Finished Goods	-	-	-	11.01	31.50	49.91
Sub total	**794.33**	**575.37**	**400.48**	**377.86**	**349.01**	**304.33**
(Increase) / decrease in inventory	**(177.83)**	**(218.96)**	**(174.89)**	**(22.62)**	**(28.85)**	**(44.68)**

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
29. EMPLOYEE BENEFITS EXPENSE						
Salaries and wages	1,196.00	1,186.75	975.37	814.91	617.71	577.85
Contributions to PF & ESI	44.44	45.14	39.57	32.41	22.17	25.92
Contribution to Gratuity fund	17.71	3.48	17.09	13.60	13.44	11.55
Staff welfare expenses	201.88	213.18	166.31	159.24	123.54	167.38
Total	**1,460.03**	**1,448.55**	**1,198.34**	**1,020.16**	**776.86**	**782.70**
30. DEPRECIATION AND AMORTISATION EXPENSE						
Depreciation on Property, Plant & Equipment	965.12	1,103.75	998.28	918.68	774.46	656.76
Amortisation of Intangible Assets (Software & Dev.Exp.)	34.42	29.68	14.59	10.89	5.55	1.85
Total	**999.54**	**1,133.43**	**1,012.87**	**929.57**	**780.01**	**658.61**
31. OTHER EXPENSES						
Manufacturing Expenses						
Stores, Spares & tool consumed	1,093.79	1,184.86	1,042.95	1,244.00	866.39	823.19
Power & Fuel	634.37	661.66	511.14	419.17	358.54	352.44
Repairs & Maintenance						
- Machinery	339.45	369.35	261.68	313.51	258.01	218.67
- Building	37.88	55.12	64.39	82.96	52.95	47.50
- Others	163.47	183.25	117.69	148.37	68.84	106.33
A.	**2,268.96**	**2,454.24**	**1,997.85**	**2,208.01**	**1,604.73**	**1,548.13**

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	**Period ended Dec 31 2017**	**Year ended Mar 31 2017**	**Year ended Mar 31 2016 (Proforma)**	**Year ended Mar 31 2015 (Proforma)**	**Year ended Mar 31 2014 (Proforma)**	**Year ended Mar 31 2013 (Proforma)**
Administrative Expenses						
Professional and Consultancy charges	54.78	53.59	54.10	50.92	30.79	45.26
Insurance Charges	29.67	34.51	23.95	15.40	18.91	15.56
Rates & Taxes	14.05	5.72	8.38	11.71	8.23	4.49
Software Licenses	26.47	13.97	25.43	0.77	-	-
General Administrative Expenses	53.88	47.63	41.07	37.70	34.74	32.12
Printing & Stationary	13.30	15.58	13.06	15.02	8.10	11.49
Postage & Telegrams	3.59	5.22	3.58	3.99	2.73	5.12
Rent	145.58	149.31	125.10	123.07	128.16	130.69
Telephone Expenses	21.49	23.89	19.40	17.03	19.23	15.93
Travelling Expenses	103.51	109.60	78.93	71.56	71.30	65.75
Exchange rate Gain/Loss on Transaction & Translation	-	49.27	-	44.11	-	-
Managerial Remuneration	43.65	89.05	25.98	30.45	31.81	38.83
Directors' Sitting Fees	0.46	0.38	0.42	0.46	0.44	0.50
Remuneration to auditors						
Statutory Audit	3.73	4.40	3.02	5.33	3.49	1.20
Taxation and Certification	0.26	2.04	1.97	-	-	1.56
Net loss on sale of assets	-	-	-	21.54	-	-
CSR Expenses	3.56	3.92	2.90	0.29	-	-
Amounts written off				-	-	-
Bad debts	-	6.65	-	13.83	7.35	-
Tender deposits	-	1.90	-	-	-	-
Provisions for the year				-	-	-
Doubtful advances	0.98	2.70	1.69	(0.36)	6.54	11.51
Dimunition in value of investment	-	3.13	-	-	-	-
Warranty	1.43	(0.79)	0.99	0.90	0.23	0.05
Rejections	3.63	(1.20)	1.10	0.75	0.19	0.04
Doubtful debts	0.06	20.38	(18.37)	17.27	20.10	13.29
B.	**524.08**	**640.85**	**412.70**	**481.74**	**392.34**	**393.39**
Selling expenses						
Packing material consumed	101.82	114.33	75.54	69.08	67.67	89.69
Carriage Outward	159.38	163.11	109.24	83.62	54.57	69.59
Sales Promotion Expenses	38.72	45.89	42.33	48.14	36.14	27.51
C.	**299.92**	**323.33**	**227.11**	**200.84**	**158.38**	**186.79**
Total (A+B+C)	**3,092.96**	**3,418.42**	**2,637.66**	**2,890.59**	**2,155.45**	**2,128.31**

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars		Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
32. FINANCE COST							
Interest expenses							
On Short Term Borrowings		343.75	346.21	276.33	246.09	216.14	198.93
On Long Term Borrowings at Amortised Cost		392.62	454.36	360.05	301.21	276.89	260.08
Other Borrowing costs							
Unwinding of discounted Upfront fee on loans		4.78	4.23	4.85	5.76	6.36	6.07
Unwinding of Rent Advance		3.39	3.52	2.14	1.83	1.52	1.21
Other bank charges		34.99	86.68	69.96	46.49	22.43	43.60
Net gain/loss on foreign currency transactions and translation		(8.60)	0.86	84.74	42.28	(20.76)	(27.52)
Total		**770.93**	**895.86**	**798.07**	**643.66**	**502.58**	**482.37**
33. INCOME TAX							
Income tax expense for the period / year reconciled to accounting profit:							
Profit before tax	a	186.76	346.82	508.87	408.04	449.03	546.47
Income tax rate	b	34.608%	34.608%	34.608%	33.990%	33.990%	32.445%
Income tax expenses	a*b	64.63	120.03	176.11	138.69	152.63	177.30
Effect of							
i) Investment Allowance under 32AC		-	(135.15)	(49.71)	(96.15)	-	-
ii) Allowance under 80JJAA		-	-	(21.04)	(19.78)	(33.07)	(24.20)
iii) EPCG Benefit Capitalisation not considered for Income Tax purpose		(38.75)	(86.02)	(9.62)	(24.99)	1.90	(18.61)
iv) Difference due to change in tax rate		-	-	5.63	-	10.24	-
v) Effect of PPE reclassification not considered for Income Tax purpose		7.18	15.95	19.94	24.48	-	-
vi) Effect of other allowances		(13.03)	14.22	(13.26)	83.39	54.28	21.80
Income tax expense recognised in Statement of Profit & loss		20.03	(70.97)	108.05	105.64	185.98	156.29

Annexure VII: Notes to restated standalone financial information (Rupees in Millions)

Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016 (Proforma)	Year ended Mar 31 2015 (Proforma)	Year ended Mar 31 2014 (Proforma)	Year ended Mar 31 2013 (Proforma)
34. EARNINGS PER SHARE						
Earnings per share						
Basic earnings per share (Rs.)	165.72	415.27	398.40	300.57	261.46	413.49
Diluted earnings per share (Rs.)	165.72	415.27	398.40	300.57	261.46	413.49
Face value per share (Rs.)	100.00	100.00	100.00	100.00	100.00	100.00
Basic and diluted earnings per share						
Profit for the period/year attributable to equity shareholders	166.73	417.79	400.82	302.40	263.05	390.18
	Nos.	**Nos.**	**Nos.**	**Nos.**	**Nos.**	**Nos.**
Total number of equity shares outstanding at the end of the year / period	1,006,080	574,903	574,903	574,903	574,903	574,903
Weighted average number of equity shares						
used in the calculation of basic earnings per share	1,006,080	1,006,080*	1,006,080*	1,006,080*	1,006,080*	943,637*
after adjustment for effect of dilution	1,006,080	1,006,080*	1,006,080*	1,006,080*	1,006,080*	943,637*

* due to issue of bonus shares on December 21, 2017

Note: EPS for the period ended December 31, 2017 is not annualised

35. EMPLOYEE BENEFITS

Defined contribution plan

The employee provident fund is in the nature of Defined contribution plan. The contribution made to the scheme is considered as expense in the statement of Profit and loss when the employee renders the related service. There is no other obligation other than the contribution payable to employee provident fund.

(Rupees in Millions)

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
The total expenses recognised in statement of profit or loss represent contribution payable by the Company at rates specified in the rules of the plan.	26.40	31.70	31.56	24.51	15.89	18.96

Defined benefit plans

The company extends defined benefit plan in the form of gratuity to employees. The company makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Company's liability is determined based on actuarial valuation done at the period ended 31.12.2017 as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of Rs.1.00 million. Vesting occurs upon completion of five years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.
Marketing Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The principal assumptions used for the purposes of the actuarial valuations were as follows

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Discount rate	7.50%	7.32%	7.98%	7.87%	9.16%	8.00%
Expected rate of salary increase	8.00%	6.00%	7.50%	7.87%	8.00%	8.00%
Attrition rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

(Rupees in Millions)

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Current Service Cost	17.40	3.20	16.06	15.83	12.70	10.06
Net interest expense/ (income)	0.30	0.30	1.03	(2.23)	0.74	1.49
Component of defined benefit cost recognised in P&L	17.70	3.50	17.09	13.60	13.44	11.55
Remeasurement on the net defined benefit liability comprising:						
Actuarial (gain)/loss arising from changes in financial assumptions	(5.50)	(5.60)	(5.32)	15.03	(4.07)	1.00
Actuarial (Gain)/ Losses due to Experience on DBO	20.60	12.90	(2.59)	(4.15)	2.32	(2.60)
Return on Plan Assets (Greater) / Less than Disount rate	-	(0.60)	(0.24)	1.05	(0.92)	(0.72)
Components of defined benefit costs recognised in other comprehensive income	15.10	6.70	(8.15)	11.93	(2.68)	(2.32)
Total Defined Benefit Cost	**32.80**	**10.20**	**8.93**	**25.53**	**10.76**	**9.23**

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows

Present value of defined benefit obligation	146.40	113.90	104.36	99.25	78.41	62.43
Fair value of plan assets	113.70	103.70	95.43	73.48	67.66	57.50
Net liability arising from defined benefit obligation (funded)	(32.70)	(10.20)	(8.93)	(25.76)	(10.75)	(4.93)

Movements in the present value of the defined benefit obligation in the current period/year were as follows:

(Rupees in Millions)

	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Opening defined benefit obligation	113.90	104.30	99.25	78.41	62.43	52.35
Current Service Cost	17.40	3.20	16.06	15.83	12.70	10.06
Interest Cost	6.20	7.30	7.50	5.82	5.51	4.13
Benefits paid	(6.20)	(8.20)	(10.53)	(8.96)	(4.55)	(1.51)
Actuarial (gain)/loss	15.00	7.30	(7.91)	8.14	2.32	(2.60)
Closing defined benefit obligation	146.40	113.90	104.36	99.25	78.41	62.43
Movements in fair value of plan assets in the current period/year were as follows:						
Opening fair value of plan assets	103.80	95.40	73.48	67.66	57.50	11.66
Interest income of the assets	5.90	7.00	6.47	5.38	4.78	2.63
Employer contribution	10.20	8.90	25.76	10.45	9.00	44.00
Benefits payout	(6.20)	(8.20)	(10.53)	(8.96)	(4.55)	(1.51)
Actuarial (gain)/loss	0.07	0.60	0.24	(1.05)	0.92	0.72
Closing fair value of plan assets	**113.70**	**103.70**	**95.43**	**73.48**	**67.66**	**57.50**

The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets	6.00	7.60	6.70	4.34	5.70	3.35

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.

If the discount rate is 100 basis points higher/lower, the defined benefit obligation would				
Decrease to	131.70	102.10	93.25	88.63
Increase to	163.90	126.10	115.65	110.25
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would				
Increase to	156.80	122.60	111.61	105.99
Decrease to	136.30	104.40	95.88	91.47
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would				
Increase to	147.50	114.90	104.81	99.39
Decrease to	145.10	110.90	101.91	97.40

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.

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 each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no

Funding arrangements

The company has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the Company will be able to meet the past service liability on the valuation date that falls due in the future.

				(Rupees in Millions)
	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015
The Company expects to make, to the defined benefit plans for the next financial year, a contribution of	11.30	11.70	9.60	11.23
Information on the maturity profile of the liabilities:				
Weighted average duration of the DBO	14.49 years	14.49 years	14.70 years	14.92 years
	Rs. Millions	**Rs. Millions**	**Rs. Millions**	**Rs. Millions**
Projected Benefit Obligation	146.40	113.90	104.36	99.25
Accumulated Benefits Obligation	94.70	73.30	61.60	57.73

Maturity Profile (Para 147 C of Ind AS 19):

Year (i)	9.20
Year (ii)	13.00
Year (iii)	9.70
Year (iv)	11.50
Year (v)	10.90
Next 5 year pay-outs(6-10yrs)	56.20
Pay-outs above ten years	84.50

36. FINANCIAL INSTRUMENTS

36.a. Capital Management:

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Company. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Company finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

(Rupees in Millions)

	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016	As at Mar 31 2015	As at Mar 31 2014	As at Mar 31 2013
Debt (long-term and short-term borrowings including current maturities)	8,456.31	7,770.31	6,167.58	5,490.53	5,236.49	4,846.34
Equity	6,064.24	5,952.03	5,566.49	5,167.33	4,754.05	4,495.48
Debt Equity Ratio (times)	**1.39**	**1.31**	**1.11**	**1.06**	**1.10**	**1.08**

36.b. Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

36.b.(i) Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

- Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Rupees in Millions)

Liabilities	Currency	As at Dec 31 2017		As at March 31 2017		As at March 31 2016		As at March 31 2015		As at March 31 2014		As at March 31 2013	
		Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs
Payable (trade & other)	**USD**	**7.99**	**515.44**	4.69	315.25	2.33	155.99	1.02	63.92	0.30	18.48	0.08	4.38
	JPY	**67.10**	**38.59**	543.62	325.28	210.05	126.51	2.90	1.53	0.03	0.02	7.30	4.29
	EUR	**0.09**	**6.99**	0.39	27.12	0.06	4.37	0.41	28.06	0.39	32.79	0.30	21.39
	SGD	**0.00**	**0.06**	0.02	0.98	0.00	0.01	0.01	0.53	0.03	1.48	-	-
	GBP	**0.00**	**0.03**	0.02	1.63	0.00	0.22	0.04	3.42	0.01	1.22	0.00	0.04
	CHF	**0.00**	**0.00**	-	-	0.08	5.51	-	-	0.00	0.04	-	-
	AUD	**-**	**-**	-	-	0.00	0.14	-	-	0.00	0.01	-	-
	SEK	**-**	**-**	-	-	-	-	0.03	0.20	-	-	-	-
	CAD	**-**	**-**	-	-	-	-	0.00	0.18	0.00	0.22	-	-
Borrowings (ECB and Others)	**USD**	**53.07**	**3,400.14**	43.46	2,845.29	37.33	2,483.79	41.98	2,620.83	42.80	2,581.33	43.62	2,383.23
	JPY	**90.28**	**51.47**	120.37	70.39	183.57	110.34	294.73	150.26	446.13	255.88	631.06	359.90
	EUR	**-**	**-**	0.85	59.71	-	-	-	-	-	-	-	-
Total Payables (A)			**4,012.73**		3,645.64		2,886.90		2,868.93		2,891.46		2,773.22
Hedged by derivative contracts (B)			**2,006.45**		936.09		450.77		1,575.87		1,343.94		1,027.90
Unhedged payables (C=A-B)			**2,006.28**		2,709.55		2,436.12		1,293.06		1,547.52		1,745.31

(Rupees in Millions)

Assets	Currency	As at Dec 31 2017		As at March 31 2017		As at March 31 2016		As at March 31 2015		As at March 31 2014		As at March 31 2013	
		Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs	Amount in Foreign currency	Amount in Rs
Receivables	**USD**	**3.29**	**206.89**	6.24	399.46	3.70	243.60	1.86	111.09	4.52	267.86	4.02	217.19
	EUR	**1.64**	**123.38**	2.76	187.73	2.37	177.28	2.28	153.48	2.44	198.29	3.03	209.15
	GBP	**-**	**-**	-	-	0.00	0.37	0.05	4.44	0.00	0.04	-	-
Loans given in FC	**EUR**	**2.94**	**221.62**	2.97	202.09	2.91	217.94	2.73	188.30	2.63	213.05	2.27	157.01
Total Receivables (A)		**-**	**551.90**	-	789.28	-	639.19	-	457.31	-	679.25	-	583.35
Hedged by derivative contracts (B)		**-**	**-**	-	-	-	-	-	26.14	-	-	-	-
Unhedged receivables (C=A-B)		**-**	**551.90**	-	789.28	-	639.19	-	431.17	-	679.25	-	583.35

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. The following table details the Company's sensitivity movement in the unhedged foreign exposure:

(Rupees in Millions)

Currency	1% Strengthening of FC					
	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
USD	(37.09)	(27.61)	(23.96)	(25.74)	(23.32)	(21.70)
JPY	(0.90)	(3.96)	(2.37)	(1.52)	(2.56)	(3.64)
EUR	3.38	3.03	3.91	3.14	3.79	3.45
SGD	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	-
GBP	(0.00)	(0.02)	0.00	0.01	(0.01)	(0.00)
CHF	(0.00)	-	(0.06)	-	(0.00)	-
AUD	-	-	(0.00)	-	(0.00)	-
SEK	-	-	-	(0.00)	-	-
CAD	-	-	-	(0.00)	(0.00)	-
	(34.61)	**(28.56)**	**(22.48)**	**(24.12)**	**(22.12)**	**(21.90)**

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

(Rupees in Millions)

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at Dec 31 2017	As at March 31 2017	As at Dec 31 2017	As at March 31 2017	As at Dec 31 2017	As at March 31 2017
Sell USD	-	3.25	-	218.78	-	212.16

Note:
Included in the balance sheet under 'other current financial liabilities'. [Refer Notes 21]

Interest rate risk management:

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Company by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

Base Rate	Increase in Baserate	Effect of Change in interest rates 2017-18	2016-17	Outstanding as on As at Dec 31 2017	As at March 31 2017
					(Rupees in Millions)
USD Libor	25 bps	0.09	0.48	34.14	190.35
INR Baserate	50 bps	8.42	15.52	3,366.71	3,103.09
				3,400.85	**3,293.44**

A decrease in interest rates would have the opposite effect to the impact in the table above.

<u>Foreign currency and interest rate sensitivity analysis for swap contracts:</u>

The Company has taken cross currency and interest rate swap (CCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together.

(Rupees in Millions)

	31-Dec-17	31-Mar-17
The mark-to-market loss as at the end of the period / year	19.10	26.70
The amount recognized in Statement of Profit and Loss for the period	7.60	18.70

In addition to the above contract, the company has taken a call option contract and interest rate swaps which are not designated as hedges.

(Rupees in Millions)

	31-Dec-17	31-Mar-17
The mark-to-market loss as at the end of the period / year	1.10	7.20
The amount recognized in Statement of Profit and Loss for the period	6.00	41.90

In case of currency swaps, the effective portion of cash flow hedges, is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. Amounts recognised as Other Comprehensive Income (OCI) are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

(Rupees in Millions)

	31-Dec-17	31-Mar-17
The mark-to-market loss as at the end of the period / year	107.70	35.90
The amount recognized in Statement of OCI for the period / year	57.80	46.10 *

* In respect of foreign currency loan which was drawn down by the Company on 5th April 2016, the company hedged the same by a derivative contract on 31 March 2016. In view of the above the MTM loss of Rs.25.00 million as of 31st March 2016 was recognized in the Statement of Profit and Loss. In FY 2016-17, considering the effectiveness of the hedge, the same has been transferred to OCI.

Credit Risk:
Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

- Trade receivables:

The Company periodically assesses the financial reliability of customers / corporates taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers / corporates, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Company's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies, hence the Company is not exposed to concentration risk. During the period under review, the company's credit exposure to any single customer did not exceed 10% of its total trade receivables.

The company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Movement in Credit loss allowance **(Rupees in Millions)**

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Balance as at beginning of the period / year	69.47	49.09	60.11	42.84	22.74	9.47
Allowance for bad and doubtful during the period / year	0.06	27.03	(11.02)	31.10	27.45	13.27
Trade receivables written off during the period / year	-	(6.65)	-	(13.83)	(7.35)	-
Balance as at the end of the period / year	69.52	69.47	49.09	60.11	42.84	22.74

- Other financial assets:

The investment and the loan outstanding from Craftsman Automation Singapore Pte Limited which is wholly owned subsidiary has been tested for impairment as of 31.03.2017 and impairment provision has been done considering the current business nature of the subsidiary which is more like a sourcing office for the holding company.

The Company has also given interest free loan to Craftsman Marine B.V which is also a wholly owned subsidiary. This subsidiary has negative net worth of Rs.124.37 millions as of March 31, 2017. The company has tested this investment for impairment and considering the future business plan and profitability expected, the Company has decided not to impair the investment and the loan given. The company has not given any loan after 2013-14 and the subsidiary has been operating by self-sustaining on its own cash generation. Hence the loans are considered good and recoverable. Also refer note no. 4

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Carrying amount of investments in subsidiaries	5.75	5.75	8.88	8.88	8.88	8.88

None of the Company's other cash equivalents, including time deposits with banks, are past due or impaired.

36.b(ii) Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

(Rupees in Millions)

	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
As at Dec 31 2017				
Bank and other borrowings	4,003.66	4,141.50	311.15	8,456.31
Interest payments on borrowings	571.19	1,027.38	34.59	1,633.17
Trade Payables	3,444.16	-	-	-
As at March 31 2017				
Bank and other borrowings	3,429.22	3,598.33	742.75	7,770.31
Interest payments on borrowings	497.99	914.33	47.67	1,459.99
Trade Payables	2,981.42	-	-	-
As at March 31 2016				
Bank and other borrowings	3,047.81	2,777.56	342.21	6,167.58
Interest payments on borrowings	360.91	661.60	64.64	1,087.15
Trade Payables	2,014.02	-	-	-
As at March 31 2015				
Bank and other borrowings	2,580.54	2,580.54	329.43	5,490.52
Interest payments on borrowings	335.20	629.76	50.79	1,015.75
Trade Payables	1,752.38	-	-	-
As at March 31 2014				
Bank and other borrowings	2,461.15	2,461.15	314.19	5,236.49
Interest payments on borrowings	319.69	600.63	48.44	968.75
Trade Payables	1,368.98	-	-	-

(Rupees in Millions)

	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
As at March 31 2013				
Bank and other borrowings	2,277.78	2,277.78	290.78	4,846.34
Interest payments on borrowings	295.87	555.87	44.83	896.57
Trade Payables	867.34	-	-	-

The table below summarizes the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis

(Rupees in Millions)

	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
As at Dec 31 2017				
Currency & Interest Rate Swaps	113.71	14.25	-	127.96
Foreign exchange forwards	-	-	-	-
As at March 31 2017				
Currency & Interest Rate Swaps	59.83	10.01	-	69.83
Foreign exchange forwards	6.62	-	-	6.62
As at March 31 2016				
Currency & Interest Rate Swaps	81.70	27.72	-	109.42
Foreign exchange forwards	-	-	-	-
As at March 31 2015				
Currency & Interest Rate Swaps	99.20	60.86	-	160.06
Foreign exchange forwards	0.08	-	-	0.08
As at March 31 2014				
Currency & Interest Rate Swaps	68.98	64.06	-	133.04
Foreign exchange forwards	-	-	-	-
As at March 31 2013				
Currency & Interest Rate Swaps	25.55	74.40	-	99.94
Foreign exchange forwards	-	-	-	-

36.c Categories of Financial assets and liabilities:

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Financial Assets						
a. Measured at amortised cost:						
Investments (net)	11.75	11.75	14.88	14.88	14.88	14.88
Cash and cash equivalents	522.37	374.54	154.10	154.86	57.11	89.11
Trade Receivables	1,913.83	1,782.22	1,386.41	1,327.56	1,323.97	1,002.26
Loans	221.61	202.09	217.94	188.30	213.05	157.01
Security Deposit	168.89	136.88	117.20	103.53	174.19	176.75
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)						
Investments	26.40	14.86	14.88	14.61	13.40	13.33
c. Deemed equity measured at fair value						
Investments	75.43	81.01	88.45	118.56	118.56	96.45
Financial Liabilities						
a. Measured at amortised cost:						
Borrowings	8,456.31	7,770.31	6,167.58	5,490.53	5,236.49	4,846.34
Trade Payables	3,444.16	2,981.41	2,014.01	1,752.38	1,368.98	867.34
Other Financial Liabilities	470.05	849.88	337.51	370.46	390.64	205.45
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)						
Currency Swaps & IRS	107.69	35.95	14.90	8.90	-	-
c. Mandatorily maintained at fair value through profit or loss (FVTPL)						
Currency Swaps & IRS	20.28	33.89	94.52	151.16	133.04	99.94
Others	-	6.62	-	0.08	-	-

36.d Categories of Financial assets and liabilities:

i) **Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:**

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below

(Rupees in Millions)

	31-Dec-17	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**	**31-Mar-13**
Assets at fair value						
Investments measured at						
i) fair value through OCI						
• Level 1	0.07	0.05	0.03	0.03	0.04	0.03
• Level 2	14.82	14.81	14.85	14.58	13.36	13.30
• Level 3	11.51	-	-	-	-	-
	26.40	14.86	14.88	14.61	13.40	13.33
Liabilities at fair value						
Derivative instruments measured at						
i) fair value through OCI						
• Level 1	-	-	-	-	-	-
• Level 2	107.69	35.95	14.90	8.90	-	-
• Level 3	-	-	-	-	-	-
	107.69	35.95	14.90	8.90	-	-
i) fair value through P&L						
• Level 1	-	-	-	-	-	-
• Level 2	20.28	40.51	94.52	151.24	133.04	99.94
• Level 3	-	-	-	-	-	-
	20.28	40.51	94.52	151.24	133.04	99.94

Calculation of Fair Values:
The fair values of the financial assets and liabilities are defined as 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. Methods and assumptions used to estimate the fair values are consistent with those used.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

- The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.

- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

37. Related party disclosure:

S.No	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
A	<u>List of parties where control exists</u>						
1	Wholly Owned Subsidiary	*Craftsman Marine B.V Craftsman Automation Singapore Pte Ltd*	*Craftsman Marine B.V Craftsman Automation Singapore Pte Ltd*	*Craftsman Marine B.V Craftsman Automation Singapore Pte Ltd*	*Craftsman Marine B.V Craftsman Automation Singapore Pte Ltd*	*Craftsman Marine B.V Craftsman Automation Singapore Pte Ltd*	*Craftsman Marine B.V Craftsman Automation Singapore Pte Ltd*
B	<u>Other related parties</u>						
1	Joint Venture	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*	*Carl Stahl Craftsman Enterprises Private Limited*
2	Company with common directors	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited*	*MC Craftsman Machinery Private Limited* *Mastercraft Engineers Private Limited (upto 27.02.13)*
3	Key Management Personnel	*Mr. Srinivasan Ravi, Chairman And Managing Director* *Mr. Ravi Gauthamram, Whole Time Director*	*Mr. Srinivasan Ravi, Chairman And Managing Director* *Mr. Ravi Gauthamram, Director (WTD w.e.f 25.08.16)*	*Mr. Srinivasan Ravi, Chairman And Managing Director* *Mr. R Gauthamram-Director*	*Mr. Srinivasan Ravi, Chairman And Managing Director* *Mr. R Gauthamram-Director*	*Mr. Srinivasan Ravi, Chairman and Managing Director (w.e.f 13.11.13)* *Mr. K Gomatheswaran, Director (WTD till 08.01.14)*	*Mr. Srinivasan Ravi, Managing Director* *Mr. K Gomatheswaran, Whole Time Director*

S.No	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
3	Key Management Personnel	*Mr. Chandrashekar Bhide, Director* *Mr. Chandramohan Natarajan, Whole Time Director* *Mr. Sundararaman Kalyanaraman, Director (w.e.f. 30.06.17)* *Mr. Udai Dhawan, Nominee Director* *Mr. Kallakurichi Kanniah Balu, Director* *Mr. Sivakumar Gopalan, Chief Financial Officer* *Mr. Shainshad Aduvanni, Company Secretary* *(W.E.F. Apr 29'2017 To Aug 11'2017 & W.E.F Nov 16'2017)* *Mr. Rajamanickam S, Company Secretary (Upto Apr-17)* *Mr. N.V.S. Pavankumar (Aug 12'2017 To Nov 15'2017)*	*Mr. Chandrashekar Bhide, Director* *Mr. Chandramohan Natarajan, Whole Time Director (w.e.f 24.06.16)* *Mr. G Srinivasan - Director* *Mr. Srinivasanc Govindasamy Naidu, Director (from 25.11.16)* *Mr. Udai Dhawan, Director (till 27.10.16)* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director (till 27.08.16)* *Mr. Sivakumar Gopalan, Chief Financial Officer* *Mr. Rajamanickam, Company Secretary* *Mr. Shainshad Aduvanni, Deputy Company Secretary*	*Mr. G Srinivasan - Director* *Mr. Chandrashekar Bhide, Director* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director* *Mr. Sivakumar Gopalan, Chief Financial Officer (w.e.f 10.03.16)* *Mr. Rajamanickam, Company Secretary*	*Mr. G Srinivasan - Director* *Mr.K.Gomatheswaran - Director (till 18.06.14)* *Mr. Chandrashekar Bhide, Director* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director* *Mrs. Leena M Sathyanarayan, Chief Financial Officer (w.e.f 28.04.2014 till 14.01.2015)* *Mr. Rajamanickam, Company Secretary*	*Mr. G Srinivasan, Director (Chairman till 12.11.13)* *Mr.K.Ajit Kumar, Nominee Director (till 10.01.14)* *Mr. Chandrashekar Bhide, Director* *Mr. R Gauthamram- Director (w.e.f. 20.02.2014)* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director* *Mr. R.Sarathy, Chief Financial Officer (till 17.10.13)* *Mr. Rajamanickam, Company Secretary*	*Mr. G Srinivasan, Chairman* *Mr.K.Ajit Kumar, Nominee Director* *Mr. Chandrashekar Bhide, Director* *Mr. Kallakurichi Kanniah Balu, Director* *Mr.Namit Arora, Nominee Director (w.e.f 02.08.12)* *Mr. R.Sarathy, Chief Financial Officer* *Mr. Rajamanickam, Company Secretary*

C. Related party transactions and balances - summary **(Rupees in Millions)**

Transactions during the period/ year ended	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Purchase of Goods & Services	Subsidiaries	14.93	22.27	28.95	12.01	26.14	20.32
	Joint Ventures	14.95	12.93	13.25	10.27	7.42	35.68
	Common director - company	6.62	13.95	27.32	4.28	4.45	2.37
Sale of Goods & Services	Subsidiaries	31.46	93.14	108.52	126.34	75.19	49.41
	Joint Ventures	80.87	76.61	43.26	34.06	30.36	57.94
	Common director - company	1.08	7.61	10.71	4.40	2.09	8.47
Reimbursement of Expenditure	Subsidiaries	2.17	0.41	0.09	0.25	0.15	0.18
Unwinding effect of deemed equity	Subsidiaries	6.54	7.91	8.21	7.35	4.92	3.29
Dividend payments	Key Management Personnel	3.04	3.04	3.04	3.44	3.44	3.44
Remuneration to key management personnel	Key Management Personnel	35.00	44.70	14.57	15.20	19.04	22.54
Commission	Key Management Personnel	15.99	53.06	13.68	20.25	17.23	22.93
Sitting Fee	Key Management Personnel	0.46	0.38	0.42	0.46	0.44	0.50
Interest Income	Subsidiaries	0.05	0.06	0.07	0.01	-	-
Loans given	Subsidiaries	-	-	-	0.93	38.32	55.64
Loans recovered	Subsidiaries	4.51	4.39	0.72	-	-	-
Rent paid	Key Management Personnel	-	-	-	-	2.96	1.36
Rental Income	Joint Ventures	0.16	0.20	0.18	0.18	0.18	0.18
	Common director - company	1.62	2.20	2.09	2.09	1.96	1.84

(Rupees in Millions)

Balance as at	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Trade Receivables	Subsidiaries	24.81	74.62	90.43	125.75	112.21	143.86
	Joint Ventures	44.34	7.41	2.88	1.74	7.59	7.95
	Common director - company	0.24	1.16	3.95	0.53	1.09	3.84
Trade Payables	Subsidiaries	(0.08)	10.41	1.18	4.80	1.29	14.73
	Joint Ventures	0.70	-	1.32	0.92	0.19	2.58
	Common director - company	8.50	5.71	1.24	0.10	2.39	-
Loans - Receivable*	Subsidiaries	255.83	235.36	253.31	312.31	361.91	278.96
Interest receivable*	Subsidiaries	0.19	0.13	0.08	0.01	-	-
Remuneration payable	Key Management Personnel	51.07	9.64	3.48	6.28	36.98	36.27
Rent advance received	Common director - company	0.20	0.20	0.20	0.20	0.20	0.20

***Provisions have been made against loan & interest receivable from Craftsman Automation Singapore Pte Limited, a wholly owned subsidiary**

D.Significant related party transactions and balances

(Rupees in Millions)

Transactions during the period/ year ended	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Purchase of Goods & Services							
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	14.95	12.93	13.25	10.27	7.42	35.68
Craftsman Automation Singapore Pte Limited	Subsidiary	7.57	12.21	10.71	4.79	4.46	-
Craftsman Marine BV - Netherlands	Subsidiary	7.36	10.06	18.24	7.21	21.67	20.32
MC Craftsman Machinery Private Limited	Common director - company	6.62	13.95	27.32	4.28	4.45	2.28
Mastercraft Engineers Private Limited	Common director - company	-	-	-	-	-	0.09

Transactions during the period/ year ended	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Sale of Goods & Services							
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	80.87	76.61	43.26	34.06	30.36	57.94
Craftsman Marine BV - Netherlands	Subsidiary	31.46	93.14	108.52	126.34	75.19	49.41
MC Craftsman Machinery Private Limited	Common director - company	1.08	7.61	10.71	4.40	2.09	4.70
Mastercraft Engineers Private Limited	Common director - company	-	-	-	-	-	3.77
Reimbursement of Expenditure							
Craftsman Automation Singapore Pte Limited	Subsidiary	-	0.41	0.09	0.25	0.15	0.18
Craftsman Marine BV - Netherlands	Subsidiary	2.17	-	-	-	-	-
Unwinding effect of deemed equity							
Craftsman Marine BV - Netherlands	Subsidiary	6.54	7.91	8.21	7.35	4.92	3.29
Dividend payments							
Executive Directors	Key Management Personnel	3.04	3.04	3.04	3.44	3.44	3.44
Remuneration to key management personnel							
Executive Directors	Key Management Personnel	27.66	35.90	12.30	10.65	14.58	15.90
Chief Financial Officer	Key Management Personnel	5.21	6.69	0.39	2.81	2.72	4.90
Company Secretary	Key Management Personnel	2.14	2.05	1.88	1.74	1.74	1.74
Commission							
Executive Directors	Key Management Personnel	14.14	50.66	11.88	18.45	16.11	21.65
Non-Executive	Key Management Personnel	1.85	2.40	1.80	1.80	1.13	1.28

Transactions during the period/ year ended	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Sitting Fee							
Non-Executive	Key Management Personnel	0.46	0.38	0.42	0.46	0.44	0.50
Loans recovered							
Craftsman Marine BV - Netherlands	Subsidiary	4.51	4.39	0.72	-	-	-
Loan given							
Craftsman Automation Singapore Pte Limited	Subsidiary	-	-	-	0.93	4.39	6.83
Craftsman Marine BV - Netherlands	Subsidiary	-	-	-	-	33.93	48.81
Interest Income							
Craftsman Automation Singapore Pte Limited	Subsidiary	0.05	0.06	0.07	0.01	-	-
Rent Income							
Carl Stahl Craftsman Enterprises Pvt Ltd	Joint Venture	0.16	0.20	0.18	0.18	0.18	0.18
MC Craftsman Machinery Pvt Ltd	Common director - company	1.62	2.20	2.09	2.09	1.96	1.84

(Rupees in Millions)

Balances of Related Parties as on	Nature of Relationship	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Trade Receivable							
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	44.34	7.41	2.87	1.74	7.59	7.95
Craftsman Marine BV - Netherlands	Subsidiary	24.81	74.62	90.43	125.75	112.21	143.86
MC Craftsman Machinery Private Limited	Common director - company	0.24	1.16	3.95	0.53	1.09	0.58
Mastercraft Engineers Private Limited	Common director - company	-	-	-	-	-	3.26
Trade Payable							
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	0.70	-	1.32	0.92	0.19	2.58
Craftsman Automation Singapore Pte Limited	Subsidiary	0.06	1.05	0.98	0.62	-	-
Craftsman Marine BV - Netherlands	Subsidiary	(0.14)	9.36	0.21	4.19	1.29	14.73
MC Craftsman Machinery Private Limited	Common director - company	8.50	5.71	1.24	0.10	2.39	-
Loans - Receivable							
Craftsman Marine B.V. Netherlands	Subsidiary	221.62	202.09	217.94	278.56	327.78	251.38
Craftsman Automation Singapore Pte Limited	Subsidiary	34.20	33.27	35.37	33.75	34.13	27.58
Interest Receivable							
Craftsman Automation Singapore Pte Limited	Subsidiary	0.19	0.13	0.08	0.01	-	-
Rent advance received							
MC Craftsman Machinery Private Limited	Common director - company	0.20	0.20	0.20	0.20	0.20	0.20

38. Contingent Liabilities and Capital Commitments

38.a. Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
i. Claims against the company not acknowledged as debt						
Excise	12.60	12.84	6.63	9.84	9.07	5.58
Service tax	6.30	0.43				
Income tax	69.42	57.21	48.92	48.92	52.47	52.47
ii. Bank Guarantee (Net of Margin)	**95.19**	**110.98**	**121.33**	**171.11**	**37.32**	**35.04**
iii. On Import / Inland Letter of Credit opened by banker (Net of Margin)	**56.34**	**23.18**	**21.09**	**-**	**-**	**63.34**
iv. Export Obligation under EPCG Scheme						
Proportionate customs duty on imports related to pending obligations	58.58	68.93	61.05	50.64	47.62	51.63
* Cumulative obligation	1,555.73	1,525.57	1,321.08	1,212.08	1,069.46	994.97
* Obligation fullfilled	1,204.26	1,112.01	970.44	923.90	828.32	714.07
38.b. Commitment on Capital Account	785.40	388.30	360.60	724.10	588.79	437.71

39. Operating lease arrangements

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
39.a. Company as lessee						
Rent	145.58	149.31	125.10	123.07	128.16	130.69
Non-cancellable operating lease commitments						
Not later than 1year	109.51	108.06	92.31	59.82	44.67	42.91
Later than 1 year but not later than 5 years	349.71	351.47	358.71	238.48	178.31	171.62
Later than 5 years	227.44	291.30	343.07	315.28	358.18	401.09

39.b. Company as lessor

Non-cancellable operating lease commitments						
Not later than 1year	2.19	2.19	2.10	1.51	2.27	2.14
Later than 1 year but not later than 5 years	-	1.35	3.54	-	1.51	3.78
Later than 5 years	-	-	-	-	-	-

40. The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

(Rupees in Millions)

	31-Dec-17	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
The principal amount due to Micro, Small and Medium Suppliers under this Act	41.70	51.37	34.01	62.35	7.72	10.58
Interest accrued and due to suppliers on the above amount	Nil	Nil	Nil	Nil	Nil	Nil
Interest paid to suppliers under this Act (Section 16)	Nil	Nil	Nil	Nil	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil	Nil	Nil	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the period/year	Nil	Nil	Nil	Nil	Nil	Nil
Interest accrued and remaining unpaid at the end of period/year to suppliers under this Act	Nil	Nil	Nil	Nil	Nil	Nil
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil	Nil	Nil	Nil	Nil

41. CSR Expenses

(Rupees in Millions)

	31-Mar-17	31-Mar-16	31-Mar-15
(a) Gross amount required to be spent by the company during the year as per section 135 of the Companies Act, 2013 read with Schedule VII	10.15	11.70	12.70
(b) Amount spent during the year	3.92	2.90	0.29

42. Segment Reporting

(Rupees in Millions)

Segment revenue	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Automotive - Powertrain & Others	6,074.81	7,195.85	5,799.04	5,807.09	4,809.79	4,725.49
Automotive - Aluminium Products	1,705.88	1,307.74	776.56	263.85	87.15	41.69
Industrial & Engineering	2,964.92	3,505.95	3,153.50	2,528.05	1,866.93	1,801.58
Total revenue as per Statement of Profit and Loss	**10,745.61**	**12,009.54**	**9,729.10**	**8,598.99**	**6,763.87**	**6,568.76**

(Rupees in Millions)

Segment profit or loss	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Automotive - Powertrain & Others	967.12	1,027.82	1,046.71	1,216.45	994.55	1,117.94
Automotive - Aluminium Products	49.09	174.70	98.74	34.82	6.22	1.24
Industrial & Engineering	207.80	430.19	339.14	102.59	42.62	62.74
Total Segments	1,224.01	1,632.71	1,484.59	1,353.86	1,043.39	1,181.92
Less: Unallocable expenditure	(344.26)	(504.40)	(270.12)	(301.05)	(150.30)	(112.09)
Add: Other income	77.94	114.37	92.47	(1.11)	58.52	(40.99)
Earnings Before Interest & Tax	957.69	1,242.68	1,306.94	1,051.70	951.61	1,028.84
Less: Finance costs	(770.93)	(895.86)	(798.07)	(643.66)	(502.58)	(482.37)
Profit Before Tax as per Statement of Profit and Loss	**186.76**	**346.82**	**508.87**	**408.04**	**449.03**	**546.47**

(Rupees in Millions)

Segment assets	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016	As at Mar 31 2015	As at Mar 31 2014	As at Mar 31 2013
Automotive - Powertrain & Others	8,020.46	7,930.34	7,113.67	7,578.67	7,701.05	6,867.01
Automotive - Aluminium Products	3,224.39	2,813.36	1,747.14	1,278.51	713.12	643.45
Industrial & Engineering	4,968.00	4,931.62	3,650.51	2,877.95	2,513.11	2,231.78
Total Segments	16,212.85	15,675.32	12,511.32	11,735.13	10,927.28	9,742.24
Add: Unallocable assets	2,900.73	2,657.82	2,399.90	2,279.27	1,773.84	1,479.11
Total assets as per Balance Sheet	**19,113.58**	**18,333.14**	**14,911.22**	**14,014.40**	**12,701.12**	**11,221.35**

(Rupees in Millions)

Segment liabilities	As at Dec 31 2017	As at Mar 31 2017	As at Mar 31 2016	As at Mar 31 2015	As at Mar 31 2014	As at Mar 31 2013
Automotive - Powertrain & Others	5,657.69	4,867.09	3,832.23	3,625.81	3,760.64	3,438.60
Automotive - Aluminium Products	2,135.08	2,335.88	1,326.55	1,302.74	923.90	369.11
Industrial & Engineering	3,652.39	3,352.19	2,544.17	2,264.42	1,814.03	1,813.12
Total Segments	11,445.16	10,555.16	7,702.95	7,192.97	6,498.57	5,620.83
Add: Unallocable liabilities	1,604.18	1,825.95	1,641.78	1,654.10	1,448.50	1,105.04
Total liabilities as per Balance Sheet	**13,049.34**	**12,381.11**	**9,344.73**	**8,847.07**	**7,947.07**	**6,725.87**

Annexure VIII : Restated Statement of Dividend paid

Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
Number of fully paid equity shares	1,006,080	574,903	574,903	574,903	574,903	574,903
Face Value (Rs.)	100.00	100.00	100.00	100.00	100.00	100.00
Equity Share Capital (Rs. Millions)	100.61	57.49	57.49	57.49	57.49	57.49
Rate of Dividend	-	10%	10%	10%	10%	10%
Amount of Dividend (Rs. Millions)	-	5.75	5.75	5.75	5.75	5.39*
Dividend Tax Rate	-	20%	20%	20%	17%	17%
Dividend Tax	-	1.17	1.17	1.15	0.98	0.92

*For the shares allotted during the year 2012-13, pro rata dividend from the date of allotment was paid.

Annexure IX : Restated Statement of Capitalisation

(Rupees in Millions)

Particulars	As at 31 Dec 2017	Post offer (refer note below)
Borrowings		
Current borrowings	2,627.70	-
Non-current borrowings including current maturity (A)	5,828.61	-
Total borrowings (B)	8,456.31	-
Equity		
Equity Share Capital	100.61	-
Other Equity	5,963.63	-
Total equity (C)	6,064.24	-
Long term debt /Equity ratio (A/C)	0.96	-
Total debt/ Equity ratio (B/C)	1.39	-

Note : i) Post issue details have not been provided as the issue price of the equity share is not known at the date of the report

Annexure X : Restated Statement of Accounting Ratios

Table - A

(Rupees in Millions)

Particulars	**Period ended Dec 31 2017**	**Year ended Mar 31 2017**	**Year ended Mar 31 2016**	**Year ended Mar 31 2015**	**Year ended Mar 31 2014**	**Year ended Mar 31 2013**
Net worth as at the end of the period/ year	6,064.24	5,952.03	5,566.49	5,167.33	4,754.05	4,495.48
Less: Reserve on revaluation of land	(554.23)	(554.23)	(554.23)	(554.23)	(419.32)	(419.32)
Net worth as at the end of the period/ year excl. revaluation reserve (A)	5,510.01	5,397.80	5,012.26	4,613.10	4,334.73	4,076.16
Net profit/ (loss) after tax , as restated available for equity shareholders (B)	166.73	417.79	400.82	302.40	263.05	390.18
Weighted Average number of equity shares outstanding during the period/ year						
For basic earnings per share (C)	1,006,080	1,006,080	1,006,080	1,006,080	1,006,080	943,637
For diluted earnings per share (D)	1,006,080	1,006,080	1,006,080	1,006,080	1,006,080	943,637
Earnings per share of Rs. 100 each/-						
Basic (Rs) (E = B/C)	165.72	415.27	398.40	300.57	261.46	413.49
Diluted (Rs) (F = B/D)	165.72	415.27	398.40	300.57	261.46	413.49
Return on net worth (G = B/A)	3%	8%	8%	7%	6%	10%
Weighted average number of shares outstanding during the year (H)	1,006,080	1,006,080	1,006,080	1,006,080	1,006,080	943,637
Net assets value per share of Rs 100 each(I =A/H)	5,476.71	5,365.18	4,981.97	4,585.22	4,308.53	4,319.63
Face Value (Rs.)	100	100	100	100	100	100

Table - B (as adjusted for subsequent subdivision of shares (refer note 12 of Annexure VII)) **(Rupees in Millions)**

Particulars	**Period ended Dec 31 2017**	**Year ended Mar 31 2017**	**Year ended Mar 31 2016**	**Year ended Mar 31 2015**	**Year ended Mar 31 2014**	**Year ended Mar 31 2013**
Net worth as at the end of the period/ year	6,064.24	5,952.03	5,566.49	5,167.33	4,754.05	4,495.48
Less: Reserve on revaluation of land	(554.23)	(554.23)	(554.23)	(554.23)	(419.32)	(419.32)
Net worth as at the end of the period/ year excl. revaluation reserve (A)	5,510.01	5,397.80	5,012.26	4,613.10	4,334.73	4,076.16
Net profit/ (loss) after tax , as restated available for equity shareholders (B)	166.73	417.79	400.82	302.40	263.05	390.18
Weighted Average number of equity shares outstanding during the period/ year						
For basic earnings per share (C)	20,121,600	20,121,600	20,121,600	20,121,600	20,121,600	18,872,740
For diluted earnings per share (D)	20,121,600	20,121,600	20,121,600	20,121,600	20,121,600	18,872,740
Earnings per share of Rs. 5 each/-						
Basic (Rs) (E = B/C)	8.29	20.76	19.92	15.03	13.07	20.67
Diluted (Rs) (F = B/D)	8.29	20.76	19.92	15.03	13.07	20.67
Return on net worth (G = B/A)	3%	8%	8%	7%	6%	10%
Weighted average number of shares outstanding during the year (H)	20,121,600	20,121,600	20,121,600	20,121,600	20,121,600	18,872,740
Net assets value per share of Rs 5 each(I =A/H) (refer **sub-division** in note 13 to annexure VII)	273.84	268.26	249.10	229.26	215.43	215.98
Face Value (Rs.)	5	5	5	5	5	5

Notes :

1. The above ratios are calculated as under
   a. Basic earnings per share = Net profit attributable to equity share holders/ Weighted average number of shares outstanding during the year
   b. Diluted earning per share = Net profit attributable to equity share holders/ Weighted average number of diluted potential shares outstanding during the year
   c. Return on net worth (%) = Net profit attributable to equity share holders/ Net worth as the end of the year
   d. Net asset value (Rs.) = Net worth/ Number of equity shares as the end of the year

2. The figures disclosed above are based on the restated standalone financial information

3. Earnings per share (EPS) calculation is in accordance with Indian Accounting standard (Ind AS 33 - Earnings per share) prescribed by The Companies (Indian Accounting Standards) Rules 2015

4. Bonus shares issued on December 21, 2017 and sub-division of shares on April 30, 2018 have been reckoned for the purpose of computing EPS & net asset value per share for the entire reporting period.

5. Basic Earnings per share, Diluted earnings per share and Return on Net Worth for the nine months period ended December 31, 2017 are not annualised

Annexure XI : Restated Statement of Tax shelter

(Rupees in Millions)

Sr no	Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
A	Profit Before tax- as restated	186.76	346.82	508.87	408.04	449.03	546.47
B	Notional tax rate	34.608%	34.608%	34.608%	33.990%	33.990%	32.445%
C	Tax as per notional rate on Profit	64.62	120.04	176.11	138.69	152.64	177.30
	Adjustments						
	Tax impact of Permanent Differences due to:						
	i) Investment Allowance under 32AC	-	(135.15)	(49.71)	(96.15)	-	-
	ii) Allowance under 80JJAA	-	-	(21.04)	(19.78)	(33.07)	(24.20)
	iii) EPCG Benefit Capitalisation not considered for Income Tax purpose	(38.75)	(86.02)	(9.62)	(24.99)	1.90	(18.61)
	iv) Difference due to change in tax rate	-	-	5.63	-	10.24	-
	v) Effect of PPE reclassification not considered for Income Tax purpose	7.18	15.95	19.94	24.48	-	-
	vi) Effect of other allowances	(13.03)	14.22	(13.26)	83.39	54.28	21.80
D	**Total Tax Impact on Permanent Difference**	**(44.60)**	**(191.00)**	**(68.06)**	**(33.05)**	**33.35**	**(21.01)**

(Rupees in Millions)

Sr no	Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
	Tax impact on Timing Difference due to						
	Depreciation & Amortization	(47.33)	(137.70)	(101.13)	(157.24)	(181.00)	(131.76)
	Provision for loans and advances	(1.65)	(15.82)	0.09	0.63	3.23	4.71
	Upfront fees	(1.48)	(3.83)	1.61	1.96	0.82	1.97
	Provision for doubtful debts	6.90	7.05	(3.44)	5.87	11.57	4.32
	Rent Straightlining	2.51	3.78	3.78	3.67	4.25	3.96
	Unrecognised Exchange Gain/Loss	16.01	10.00	24.19	(0.97)	(13.45)	(14.82)
	Unabsorbed Depreciation Loss	(12.98)	320.71	-	-	-	-
	Tools Valuation	-	(84.42)	3.90	40.53	15.77	11.43
	Derivative Instruments	18.00	(29.81)	(10.05)	4.33	12.79	23.96
	Other temperorary differences	-	1.20	9.99	(4.42)	(4.25)	1.52
E	**Tax impact on Timing Difference**	(20.02)	71.16	(71.07)	(105.64)	(150.26)	(94.71)
F	**Net Adjustment (D+E)**	(64.62)	(119.84)	(139.13)	(138.69)	(116.91)	(115.72)
G	**Adjusted Tax Liability (C+F)**	-	0.20	36.98	-	35.73	61.58
	Minimum Alternate tax under sec 115JB of Income tax act including other taxes						
H	Tax liability as per Minimum Alternate Tax under 115JB of Income Tax Act including other taxes	52.94	96.05	83.43	107.86	74.77	58.12
I	**Higher of G and H**	52.94	96.05	83.43	107.86	74.77	61.58
J	**Other Tax Liability**	-	-	-	-	-	(3.46)

(Rupees in Millions)

Sr no	Particulars	Period ended Dec 31 2017	Year ended Mar 31 2017	Year ended Mar 31 2016	Year ended Mar 31 2015	Year ended Mar 31 2014	Year ended Mar 31 2013
K	**Total current tax (G+I+J)**	52.94	96.25	120.41	107.86	110.50	119.70
L	**Total tax liability**	52.94	96.25	120.41	107.86	110.50	119.70
	MAT Credit Recognised	(52.94)	(96.05)	(83.43)	(107.86)	(74.77)	(58.12)

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan
Partner
Membership No. 206047

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Coimbatore
Date : 24-May-18

Shainshad Aduvanni
Company Secretary M.No.A27895

G. Sivakumar
Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations, and our assessment of the factors that may affect our prospects and performance in future periods, together with our Restated Consolidated Financial Information for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, including the notes thereto and reports thereon, each included in this Draft Red Herring Prospectus.

The Restated Consolidated Financial Information are prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of Section 26 of the Companies Act 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules 2014, as amended, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2016)" issued by the ICAI. As required by applicable law, we have transitioned our financial reporting from Indian GAAP to Ind AS and, for the purposes of transition to Ind AS, we have followed the guidance prescribed in "Ind AS 101 - First Time adoption of Indian Accounting Standard", with April 1, 2016 as the transition date.

*Ind AS differs in certain material respects from Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS. As a result, the Restated Consolidated Financial Information Statements may not be comparable to our historical financial statements. For a reconciliation of Indian GAAP to Ind AS, please see, "**Financial Statements - Restated Consolidated Financial Information – Annexure VI**". Please also see "**Risk Factors - Our Company has prepared financial statements under Ind AS. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP.**" on page 42.*

*This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance, which are subject to numerous risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. As such, you should also read "**Forward-Looking Statements**" and "**Risk Factors**" and beginning on pages 15 and 17, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations. Our fiscal year ends on March 31 of each year.*

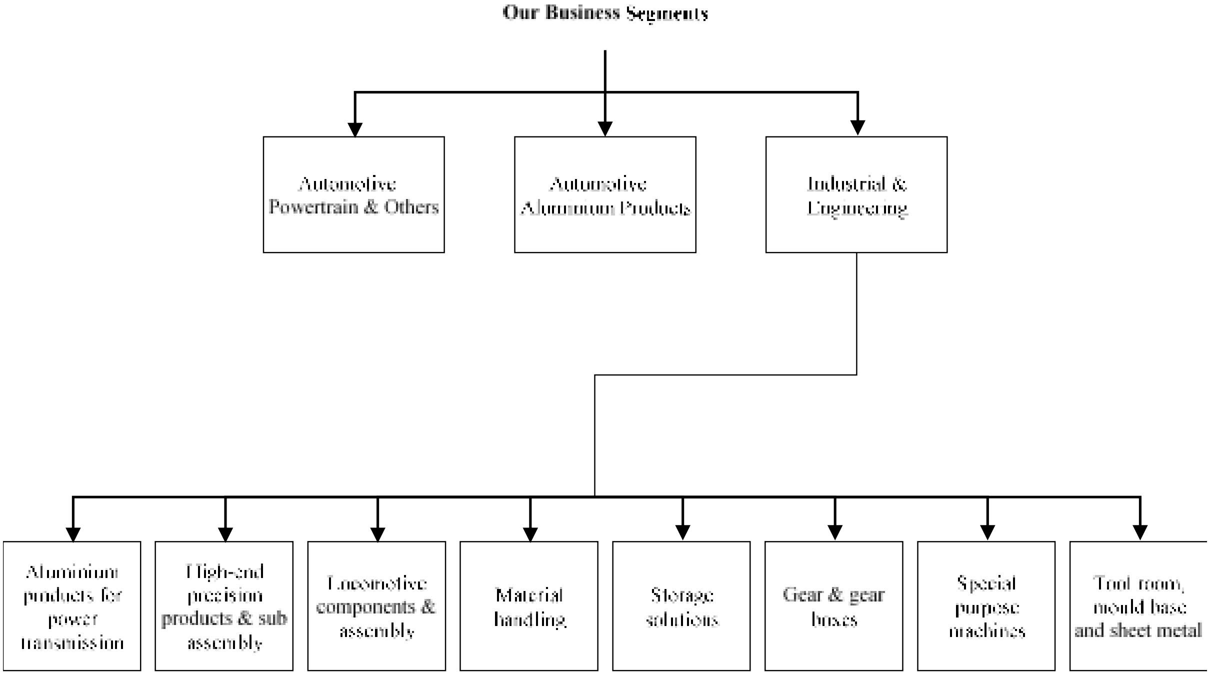
Overview

We are a diversified engineering company with vertically integrated manufacturing capabilities, engaged in three business segments, namely powertrain and other products for the automotive segment ("**Automotive - Powertrain and Others**"), aluminium products for the automotive segment ("**Automotive – Aluminium Products**"), and industrial and engineering products segment ("**Industrial and Engineering**").

We commenced our operations in 1986 in Coimbatore, in the State of Tamil Nadu, India, founded by our Promoter, Chairman and Managing Director, Srinivasan Ravi, a mechanical engineer and a first-generation entrepreneur with over 32 years of relevant industry experience.

Our manufacturing facilities include aluminium foundries, pressure die casting facilities, machining and allied facilities, heat treatment, fabrication, and assembly facilities. Our strong in-house engineering and design capabilities help us offer comprehensive solutions and products to our long standing marquee domestic and international customers in the segments in which we operate. We are the largest player involved in the machining of cylinder blocks and cylinder heads in the medium and heavy commercial vehicles category and are amongst the top three players in machining for the tractor segment. *(Source: CRISIL Report)*

Our business segments as set out below:



To provide comprehensive solutions across our business segments, we have undertaken forward and backward integration enhancing our in-house manufacturing capabilities. These capabilities have evolved over a period of time to become standalone business segments catering to our customers, in addition to meeting our internal requirements.

Our core competence in machining and assembly of industrial and engineering products has helped us to establish ourselves as a significant player in the Automotive - Powertrain and Others segment. We have leveraged our long presence in developing aluminium products for precision components to establish and grow the Automotive - Aluminium Products segment.

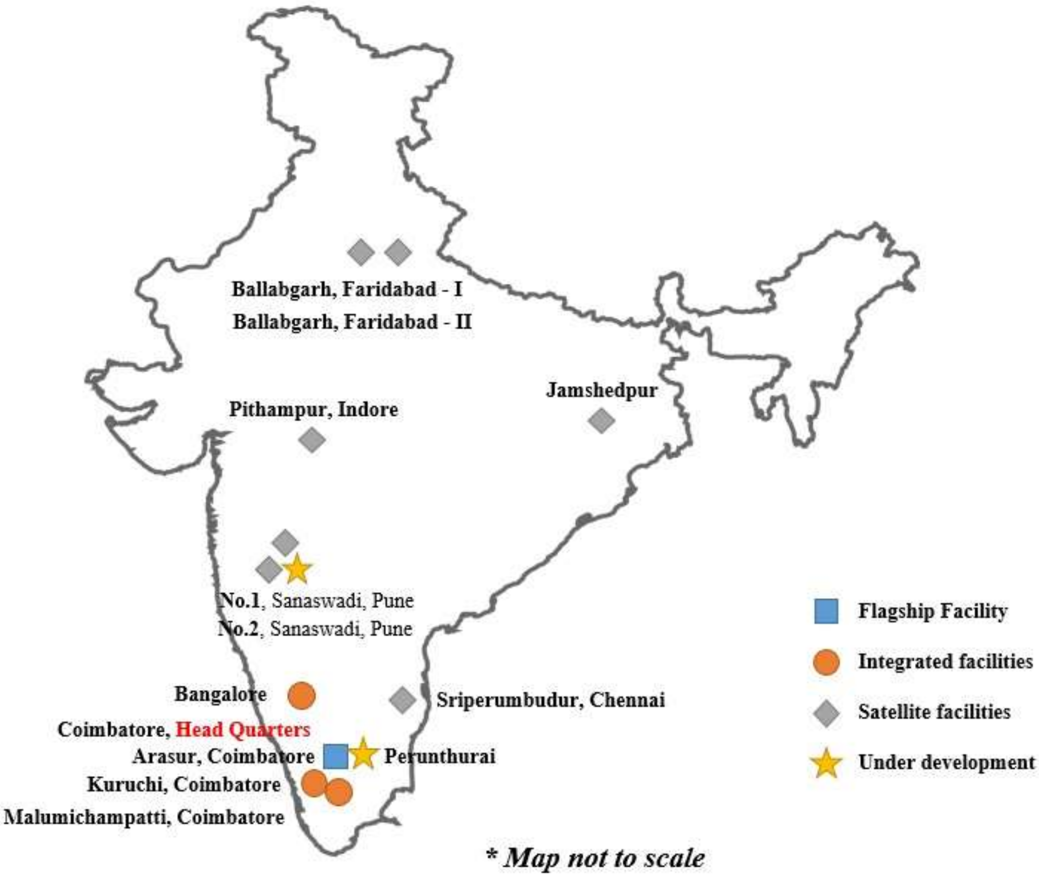
Within the Industrial and Engineering segment, we have utilized our in-house engineering and design capabilities and developed a diverse product portfolio including material handling equipment such as hoists, crane kits, industrial gears, gear boxes, locomotive components, other railway products, storage solutions, marine engines and accessories, tool room, mould base products and Special Purpose Machines ("**SPM**"), which includes metal cutting and non-metal applications such as washing and leak testing solutions.

We have long term relationships with several marquee domestic and global original equipment manufacturers ("**OEMs**") and component manufacturers across our three business segments. Our key customers include Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Royal Enfield, Mitsubishi Heavy Industries, Siemens India, Escorts, Ashok Leyland, Simpson & Company, VE Commercial Vehicles, TAFE Motors and Tractors, Perkins India, John Deere and JCB India. We are considered as a strategic and preferred supplier by many of our OEM customers and are also the single source supplier in certain product categories, for some of our key customers. Most of our business comprises of direct supply to our OEM customers, under long term agreements, which are renewed from time to time.

We own and operate 11 strategically located manufacturing facilities across seven cities in India, with a total built up area of over 1.5 million sq. ft. Our facilities are equipped with advanced machinery, including imported state-of-the-art computer numerical control ("**CNC**") machine tools and die casting machines and certain of our facilities are located close to our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for each of our customers, and to insulate them from local supply or other disruptions. Three of our facilities, forming our flagship integrated facility, are located in the outskirts of Coimbatore in the State of Tamil Nadu. We also have an integrated facility for aluminium pressure die casting, machining and SPM manufacturing at Bengaluru in the State of Karnataka. Our other manufacturing facilities are satellite facilities located across automotive and engineering hubs in India and close to our key customers, including two manufacturing facilities located at Pune in the State of Maharashtra, two manufacturing facilities located at Ballabgarh near Faridabad in the State of Haryana, and one manufacturing facility each located at Sriperumbudur, near Chennai in the State of Tamil Nadu, Jamshedpur in the State of Jharkhand, and Pithampur near Indore in the State of Madhya Pradesh.

We are currently developing two additional manufacturing facilities at Perundurai in the State of Tamil Nadu and Pune in the State of Maharashtra. At Perundurai we have been allotted land, where we have approval to set up a facility to manufacture automotive components, while at Pune we have entered into a letter of intent with an industrial estate company for development and leasing of factory space to set up a facility to manufacture storage solution products and have placed orders to import roll forming machinery from an Italian company for this facility.

Apart from allowing us to optimise delivery to our customers, the proximity of our facilities to our key customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. We believe that our proximity to our key customers has played a strong role in building and strengthening our relationship with our key customers over time.



Further, we have two wholly-owned overseas subsidiaries, namely, Craftsman Marine B.V. and Craftsman Automation Singapore Pte Limited. Craftsman Marine B.V. was set up in 2008 in Netherlands, through which we are engaged in marketing, sales and servicing of marine engines, engineering products and accessories for propulsion, manoeuvring and steering parts, storage, electronic instruments, deck equipment and spare parts for all the engines and other equipment used in yachts. These products are manufactured and assembled by us in India and sold under the name "Craftsman Marine" by our subsidiary. Craftsman Automation Singapore Pte Limited, also set up in 2008 in Singapore, which is our strategic sourcing centre for overseas procurement, primarily for procurement of aluminium ingots, which is one of our key raw material.

We also have a joint venture in India, Carl Stahl Craftsman Enterprises Private Limited, which is engaged in marketing, installation, commissioning and rendering after-sales services of material handling equipment, such as chain hoists, rope hoists and cranes kits, manufactured by us under the name "Carl Stahl Craftsman".

We have a qualified management team with substantial experience, including Chandramohan Natarajan, our Whole-time Director – Business Development Industrial and Engineering, who heads our business development initiatives in the Industrial and Engineering segment, Ravi Gauthamram, our Whole-time Director – Industrial and Engineering products, who is engaged in building our product strategy in the Industrial and Engineering segment, Sivakumar Gopalan, our Chief Financial Officer ("**CFO**") and Thiyagaraj Damodharaswamy, our Chief Operating Officer – Automotive ("**COO - Automotive**").

Our management team is supported by a large workforce of 1,331 qualified and skilled permanent workmen, 1,859 apprentices/trainees, and 1,541 contract workmen, as on March 31, 2018.

We have received funding from reputed global investors, International Finance Corporation ("**IFC**") in 2010 and 2012, and Standard Chartered Private Equity (Mauritius) II Limited ("**SCPE**") in 2012 (which transferred its stake to its Affiliate, Marina III Singapore Pte Limited ("**Marina**") in 2017). IFC and Marina presently hold 14.06% and 15.50% shareholding, respectively, in our Company.

We have been consistently recognized by customers for the high-quality of the products supplied by us. Our awards and accolades include the "Siemens – Appreciation for best overall performance" award in Fiscal 2018, "Ashok Leyland – Recognition for Outstanding Business Alignment for Defence Business" award in Fiscal 2018, "1st Prize for Mould Base category" by Godrej for Fiscal 2017, "Suppliers Business Capacity Building Award" by Mahindra & Mahindra in Fiscal 2017, "India Direct Supplier of the Year Award" by Cummins Inc. for Fiscal 2017 and "Supply Chain Transformation Award" by Cummins Inc. for Fiscal 2016. We were awarded the "Category Partner" status by Cummins Inc. in Fiscal 2017, recognized by GE Energy Connections for our outstanding support as strategic supplier partner in Fiscal 2017 and by Royal Enfield for our long standing association in Fiscal 2016. We have been recognized by Caterpillar for our excellent process control, desire for ongoing continuous improvement and supply of quality products. Our excellence in quality has also been recognised by GE Transportation, Mahindra & Mahindra, HV Transmissions Limited, a Tata enterprise, and JCB India for products supplied to them.

We are certified for international quality management systems ISO 9001:2008, ISO/TS 16949:2009, and SO 14001 2004 by TUV Nord, and have implemented environmental management system ISO 14001:2004.

The following table sets our revenue and percentage of growth in revenue compared to the previous Fiscals on a restated consolidated basis, for our three business segments, for the periods indicated:

Segments	**Nine months ended December 31, 2017**	**Fiscal 2017**		**Fiscal 2016**		**Fiscal 2015**		**CAGR over Fiscals 2015 to 2017**
	Total revenue (*in ₹ million*)	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**Total revenue (*in ₹ million*)**	**Growth over previous Fiscal (in %)**	**(in %)**
Automotive – Powertrain and Others	6,074.82	7,195.85	24.09	5,799.04	(0.14)	5,807.09	20.73	11.32
Automotive – Aluminium Products	1,705.88	1,307.74	68.4	776.56	194.32	263.85	202.75	122.63
Industrial and Engineering	3,029.40	3,597.69	9.91	3,273.28	25.07	2,617.23	28.27	17.24
Total	**10,810.10**	**12,101.28**	**22.87**	**9,848.88**	**13.36**	**8,688.17**	**26.08**	**18.02**

The following table sets the percentage contribution by our three business segments to our revenue, for the periods indicated:

(in %)

Segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Automotive – Powertrain and Others	56.2	59.46	58.88	66.84
Automotive – Aluminium Products	15.78	10.81	7.88	3.04
Industrial and Engineering	28.02	29.73	33.24	30.12
Total	**100**	**100**	**100**	**100**

The following table sets forth a breakdown of segment-wise profitability for our three business segments, and our earnings before interest and taxes ("**EBIT**") for the time periods indicated:

(in ₹ million)

Segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Automotive – Powertrain and Others	967.12	1,027.82	1,046.71	1,216.45
Automotive – Aluminium Products	49.09	174.70	98.74	34.82
Industrial and Engineering	217.46	449.01	369.72	27.86
Total	**1,233.67**	**1,651.53**	**1,515.17**	**1,279.13**
Less: Un-allocable expenditure	(351.96)	(514.11)	(281.35)	(313.87)
Add: Other Income	60.57	114.06	118.33	(7.91)
Earnings Before Interest & Taxes	**942.28**	**1,251.48**	**1,352.15**	**957.35**

Our overall earnings before interest, taxes, depreciation and amortization ("**EBITDA**") increased at a CAGR of 11.93% on a restated consolidated basis, from ₹ 1,908.44 million in Fiscal 2015 to ₹ 2,391.03 million in Fiscal 2017.

The following table sets our capital expenditure for our three business segments for the periods indicated:

(in ₹ million)

Segments	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Automotive – Powertrain and Others	274.10	1036.71	247.69	457.96
Automotive – Aluminium Products	245.99	1250.69	275.99	630.52
Industrial and Engineering	92.95	532.03	296.41	312.00
Total	**613.04**	**2819.43**	**820.10**	**1400.48**

Our loan facilities are rated by CRISIL as BBB +/Stable for long term loans and A2 for short term loans, while CARE has assigned BBB/Positive outlook for long term loans and A3+ for short term loans.

Significant Factors Affecting our Results of Operations

Macro-Economic Conditions and Factors Affecting the Sectors in which we Operate

We derive a significant portion of our revenue from the manufacture and supply of automotive components to our OEM customers. Sales of our products are directly linked to the production and sales of automobiles by our major customers, particularly in the commercial vehicles, farm and construction equipment, two-wheelers and passenger vehicle segments. The fluctuation in demand for OEMs from end customers therefore impacts us. The levels of demand for automotive components depend primarily on the prevailing business conditions in the automotive industry. This in turn, depends to a large extent on general macro-economic conditions in these markets. We are particularly affected by factors impacting the Indian commercial vehicles, farm and construction equipment, two-wheeler and passenger vehicle markets. In respect of our Industrial and Engineering segment products like storage, material handling, railway products, gears, aluminium castings for power transmission, being capital goods by nature have a degree of correlation to the gross capital formation and capital expenditure. Some of the general macro-economic factors that can affect demand for our products and as a result for our business, include the following:

- global and local economic or fiscal instability in particular the general level of GDP growth in a country or region, and growth in personal disposable income in that country or region impacts the affordability of the people in buying of two or four wheelers and demand for products;

- agriculture and industrial growth of the country and its impact on the goods movement, levels of agricultural activity, farm income impacts the farm equipment demand, rural household income and their affordability;

- gross capital formation, planned expenditure and government revenues and its impact on the capital expenditure funding in respect of power distribution and spending on railway expansion/modernization;

- global oil prices, which impacts the automotive industry and subsequently the components industry, both globally and in India;

- global and local political and regulatory measures and developments;

- demographic conditions and population dynamics, such as the absolute size of a market and the growth rates of the population in that market;

- availability of auto financing options;

- volatility in exchange rates;

- government initiatives such as Make in India and manufacturing subsidies;

- trade agreements with nations and international trading barriers by India and other countries; and

- laws on minimum wages, labour laws, pay commissions and other factors shaping the income levels of the middle class population.

Stronger macro-economic indicators tend to correlate with higher demand for automotive vehicles and industrial and engineering products while weaker macro-economic indicators tend to correlate with lower demand for automotive vehicles and other products.

The cyclical nature of general macro-economic conditions and, therefore, of the automotive and engineering industry means that our results of operations can fluctuate substantially from period to period. We expect that these macro-economic factors and conditions in the automotive industry, particularly changes in consumer confidence, employment levels, fuel prices, consumer spending on two-wheeler, four-wheeler and commercial vehicles, urbanisation, government policies and interest rates, will continue to be the most important factor affecting our revenues and results of operations. Other factors, such as our competitiveness, quality and pricing, have an effect on our market share and our ability to win customers in competitive situations, but the overall direction of the automotive industry tends to have a more pronounced effect on our revenues and results of operations.

See "***Industry Overview***" on page 114, for a discussion of macroeconomic conditions in the global economy and Indian economy, respectively, and a more detailed description of the automotive components industries in the markets in which we operate.

Raw Material Costs, Operating Costs and Efficiencies

Our business, financial condition, results of operations and prospects are significantly impacted by the prices of raw materials purchased or imported by us as well as any changes in global metal prices, particularly, aluminium ingots and ferrous castings and tools.

Raw material costs (consisting of the costs of materials consumed and changes in inventories of finished and work-in-progress non-machined goods) constitute the most significant portion of our expenditures, representing

60.59%, 53.29%, 50.22% and 46.77% of our product sales component of our business for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively. Our financial condition and results of operations are significantly impacted by the availability and costs of raw materials, particularly aluminium ingots, ferrous castings and tools.

We rely significantly on three of our overseas suppliers for procurement of aluminium ingots required for manufacturing aluminium products and a limited number of foundries which are nominated by our customers for raw castings required for our powertrain products.

Raw material pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, fuel prices and availability, power tariffs and currency exchange rates, and there are uncertainties inherent in estimating such variables, regardless of the methodologies and assumptions that we may use. This volatility in commodity prices can significantly affect our raw material costs. Further, volatility in fuel prices can also affect commodity prices worldwide which may significantly increase our raw material costs. In addition to market fluctuations, our average raw material prices can be affected by contractual arrangements and hedging strategies, if any. We do not currently have long term contracts or exclusive supply arrangements with any of our suppliers

Historically, as a practice, we have priced our products so as to largely pass the increase in cost of metals, especially aluminium and steel, onto our customers for our operations. Further, our contracts with our customers generally provide for pass through of any variation in the raw material costs. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. In addition, we are especially not able to pass all of our raw material price increases to our customers for our operations, as we sell integrated systems rather than individual components. The inability to pass fluctuations in raw material prices on to our customers may materially and adversely affect our profits and profit margins.

Given the nature of our business, our ability to manage our operating costs and efficiencies is critical to maintaining our competitiveness and profitability. Our profitability is partially dependent on our ability to spread fixed production costs over higher production volumes. In addition, we face pressure from our key customers to reduce prices, and in order to maintain our profitability, we must be able to boost our productivity and reduce our operating expenses. We continually undertake efforts to reduce our costs in order to protect our margins, such as interchanging capacity, product mix and manpower between facilities by moving machinery from one location to another, rationalising suppliers, negotiating volume discounts, outsourcing non-critical processes, reducing energy usage and rationalising our manpower. Our ability to reduce our operating costs in line with customer demand is subject to risks and uncertainties, as our costs depend, in part, on external factors beyond our control.

The improvements in operational efficiency is generally a gradual process. Most of our general purpose machine tools with change in attachments such as jigs, fixtures and tools certain modification are capable of being used interchangeably amongst our three business segments, depending on the demand for products under each segment. Our expanding production facilities, particularly the aluminium casting lines have added capacity to capture new business, which has helped to grow our revenue. For the nine months ended December 31, 2017 and Fiscals 2017 and 2016, our EBITDA Margin was 17.99%, 19.76% and 24.08%, respectively.

We also incur certain costs in order to ensure that the products that we supply to our customers are of high quality and free of defects. Such costs relate to matters such as capital expenditure, manpower, systems deployment and rejection and re-working of products. Quality control is critical to our operations and a failure to prevent the passing down of defects to our customers may lead to significant costs.

Key Customers

We are significantly dependent on certain key customers for a major portion of our revenue. These customers are primarily large marquee domestic and global OEMs and component manufacturers across our three business segments such as Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Royal Enfield, Mitsubishi Heavy Industries, Siemens India, Escorts, Ashok Leyland, Simpson & Company, VE Commercial Vehicles, TAFE Motors and Tractors, Perkins India, John Deere and JCB India. Sales to our top four customers (based on our revenue from operations in Fiscal 2017) represented 32.26%, 27.70%, 27.98% and 25.18% of our revenue from operations for the nine months ended December 31, 2017 and Fiscals 2017, 2016, and 2015, respectively and sales to our top ten customers represented 52.97%, 47.47%, 46.83% and 45.35% of our revenue from operations for the nine months ended December 31, 2017 and Fiscals 2017, 2016, and 2015, respectively. Demand for our products from these customers has a significant impact on our results of operations and financial condition, and our revenue are particularly affected by the inventory and production levels of our key customers. We consciously follow a policy of diversifying our customer base. The loss of key customers may harm our financial condition and results of operations. Moreover, we face competition from competitors both domestically and internationally, who we compete with in relation to specific sectors, segments, sub-segments or geographies. Our key competitive strengths include quality, cost, delivery, technical capability, level of vertical/ horizontal integration, and quality of management. Typically, large suppliers work only with a limited number of OEMs. Consequently, we do not have a single competitor across all our product ranges.

OEMs and suppliers are continuing to implement various cost-cutting strategies, which include the restructuring of operations, relocation of production to low-cost regions, vendor rationalisation and sourcing on a global basis. We believe that the criticality of the products we manufacture, our strong relationships with many of our customers, lack of alternate vendors, our ability to quickly scale up our production, quality and delivery commitment and ability to produce diverse range of products across a number of geographies will allow us meet these business challenges.

The demand from our customers determines our revenue levels and results of operations, and our revenue are directly affected by production and inventory levels of our customers. New investments or increased revenue by our customers tends to increase our revenue and results of operations, while a slow-down in demand for our customers' products tends to have an adverse impact on our revenues and results of operations. Accordingly, our operations have generally grown with our customers' businesses over time. Our customers, in turn, are dependent on general trends in the automotive industry (see "***- Macro-Economic Conditions and Factors Affecting the Sectors in which we Operate***" on page 426). Foreign exchange fluctuations may also subdue exports for some of our customers, in turn affecting the size of their order book. Similarly, new model launches by our OEM customers can have a positive impact on demand for our components.

Our sales to our customers also depend largely on the number and type of products that we supply to them and our ability to increase our overall share of our customers' purchases. Sales to certain of our key customers have significantly increased in Fiscal 2017.

While our constant interaction with our customers enable us to understand their business plans and their business strategy, it is difficult for us to predict with certainty when our customers will decide to increase or decrease inventory levels or levels of production, any sudden change in their strategic direction, or whether future inventory levels will be consistent with historical levels. Any increases or decreases in the levels of inventory and activity by our customers, in turn, are likely to have a positive or negative effect on our revenues and our results of operations.

Expansion in Product Portfolio

With continuous focus on quality and expansion of our technical capabilities, we have transitioned into a vertically-integrated manufacturer and provider of products and services in automotive and industrial engineering segments.

To provide comprehensive solutions across our business segments, we have undertaken forward and backward integration enhancing our in-house manufacturing capabilities. These capabilities have evolved over a period to become standalone business segments catering to clients, in addition to meeting our internal requirements.

Our core competence in machining and assembly of industrial and engineering products has helped us to establish ourselves as a significant player in the Automotive - Powertrain and Others segment. We have leveraged our long presence in developing aluminium products for precision components to establish and grow the Automotive – Aluminium Products segment. Within the Industrial and Engineering segment, we have utilized our in-house engineering and design capabilities and developed a diverse product portfolio with a variety of products including material handling equipment such as hoists, crane kits, industrial gears/ gear boxes, locomotive components/other railway products, storage solutions, marine engines and accessories, tool room, mould base products and Special Purpose Machines ("**SPM**") which includes metal cutting and non-metal applications such as washing and leak testing solutions.

We intend to deepen our customer relationships and grow our share of the customer wallet, by offering one stop solutions including design, engineering, manufacturing and assembly, by anticipating the emerging trends and offering innovative and superior products to our OEM and industrial and engineering segment customers. Going forward, we intend to continue to explore other suitable opportunities to serve our customers with innovative and proactive products and design solutions, swift response and delivery, to partner and support them in their planned growth and expansion as well.

In the past, some of our expansion into manufacturing niche products or components on a contract manufacturing basis for specialized areas and applications such as box making and printing machinery has been conducted through and supported by our joint venture relationships, while the growth of our revenue has been supported through channel partners and distributors. Since 2014, we also have an exclusive arrangement with a third party vendor, through which we are authorized to be the exclusive indigenous supplier of locomotive components and assembly parts such as cylinder liners, connecting blades and forks and accessories, cooling fans, brake fans, fuel filter and pump and motor and gear assembly for HHP engines for sale to Indian Railways.

The success of these businesses and products depends on our management's ability to identify high growth potential opportunities and utilise our resources to develop these opportunities, which could have a significant impact on our results of operations.

Availability of Capital for Capital Expenditure funding and Working Capital requirements

We have substantial capital expenditure and working capital requirements. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, technological changes and additional market developments and new opportunities in the automotive, industrial and engineering segments. For the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, our capital expenditure aggregated to ₹ 944.36 million, ₹ 3,510.72 million, ₹ 1,590.36 million and ₹ 1,695.89 million, respectively.

Finance costs includes interest expenses, other borrowing costs and net gain/loss on foreign currency transactions and translation. Historically, finance costs have been a material part of our expenses and has increased by 12.34% from Fiscal 2016 to Fiscal 2017. As a percentage of our total income, our finance costs have decreased, from 8.01% of our total income for Fiscal 2016 to 7.34% for Fiscal 2017, mainly due to increase in our total income.

Moreover, our borrowings as a substantial part of our finance costs have also increased by 25.99% from Fiscal 2016 to Fiscal 2017, on account of growth in our business and working capital requirements. As of April 30, 2018, our aggregate outstanding borrowings (including sales bill discounting, sales/purchase invoice bill discounting, buyer's credit and letter of credit facilities availed by our Company) was ₹ 10,107.08 million. For further information, see "***Financial Indebtedness***" on page 455.

Critical Accounting Policies

Useful life of property, plant and equipment and intangibles

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgment by our management. In case of intangibles, the useful life is determined based on the period over which future economic benefit will flow to us.

Tools in use

The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

Income Taxes

The calculation of income taxes requires judgment in interpreting tax rules and regulations. Management judgment is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.

Fair Value

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the income statements. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

Measurement of defined benefit obligations

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

Measurement and likelihood of occurrence of provisions and contingencies

The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing or repair cost.

Recognition of deferred tax asset

We estimate the possible utilization of unabsorbed losses while recognizing deferred tax asset considering our future business plans and economic environment.

Principles of Consolidation

The Consolidated Financial Statements relate to our Company, our subsidiaries, joint venture and associates. Subsidiaries are all entities over which our Company exercises control. Our Company exercises control if and only if it has the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- Our financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intragroup balances and intra-group transactions and resulting unrealized profits, unrealized losses from intra-group transactions are eliminated unless cost cannot be recovered.
- We treat transactions with non-controlling interests that do not result in a loss of control as transactions with our equity owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.
- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.
- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognized at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognize our share of the profit or loss after the date of acquisition.
- Financial statements of an associate or joint venture are prepared for the same reporting period as for our

Company. When necessary, adjustments are made to bring the accounting policies in line with those of our Company.

Property Plant and Equipment

Property, plant and equipment is recognized when the cost of an asset can be reliably measured and it is probable that the entity will obtain future economic benefits from the asset. Property, plant and equipment is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset, net of discounts and rebates, and any directly attributable cost of bringing the asset to working condition for its intended use, inclusive of import duties and non-refundable purchase taxes. Subsequent expenditure relating to an item of property, plant and equipment is capitalized if it meets the recognition criteria.

On the date of transition to Ind AS, barring land which has been valued at fair value and all the other items of property, plant and equipment have been valued as per their ‘deemed cost’.

Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Capital Goods (“**EPCG**”) schemes are recorded as deferred revenue and recognized in our statement of profit and loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

Foreign exchange gain or loss arising on unhedged foreign currency denominated borrowing taken to acquire property, plant and equipment are recorded in the cost of asset and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged, accounting has been done based on hedge effectiveness either as derivative or cash flow hedge.

Depreciation on Plant Property and Equipment

The depreciable amount of property, plant and equipment, being the gross carrying value less the estimated residual value, is depreciated on a systematic basis over its useful life.

In respect of certain classes of property, plant and equipment, we use different useful life other than those prescribed under law. The useful life of such class of property, plant and equipment has been ascertained based on technical review by a chartered engineer and assessment by our management, as detailed in the following table:

Classes of Property, Plant and Equipment	Useful life and Basis of Depreciation
New Plant and Machinery	20 years
Used Plant and Machinery	10 years
Tool holder, jigs, fixtures, patterns, dies, molds and instruments and gauges	5 years
Lease hold improvements	Over lease period

De-recognition:

An item of property, plant and equipment is de-recognized at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain or loss arising out of such disposal or retirement is taken to our statement of profit or loss.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset with finite useful life that are acquired separately and where the useful life is two years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows:

Description of the asset	Useful life and basis of amortization
Software	Acquired five years

Internally generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development, or from the development phase of an internal project, is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Description of the asset	Useful life and basis of amortization
Development Expenditure	3 years

De-recognition

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in our statement of profit or loss when the asset is de-recognized.

Impairment of assets

At the end of each reporting period, we determine whether there is any indication that our assets, tangible, intangible assets and investments in equity instruments carried at cost, have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the 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.

Leases

As lessee

Leases entered into by us have been classified as operating leases as a significant portion of risks and rewards of ownership are not transferred to us. Payments made are charged to our statement of profit or loss on a straight line basis over the term of the lease.

As lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Inventories

We determine the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis. The cost of other inventory items used is assigned by using the weighted average cost formula. We use the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realizable value. Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

- Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or net realizable value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at lowest of net realized values in the last two months.

- Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, depending upon its useful life, we amortize on a straight line basis over useful life. Useful life determined for certain classes of tools is 2-3 years. Tools which are not refurbish-able are charged off to our statement of profit and loss upon issue from stores to usage. Tools in use are carried at cost less accumulated amortization.

Provisions

We recognize a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, when the effect of the time value of money is material.
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Contingent assets are disclosed in our financial statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless the possibility of an outflow of resources embodying economic benefit is remote.

<u>Provision for Warranty</u>

Provisions for expected cost of warranty obligations are recognized based on our management's best estimate of the expenditure required to settle the obligation, which takes into account the empirical data on the nature frequency and average cost of warranty claims and regarding possible future incidences.

<u>Provision for Rejection</u>

Provision for rejection on sales is recognized once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions represent the value of management's best estimate of possible rejections within the next one quarter.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Goods

Revenue from the sale of goods is recognized when the goods are dispatched or appropriated in accordance with the terms of sale at which time the title and significant risks and rewards of ownership pass to the customer.

Revenue is recognized when collectability of the resulting receivable is reasonably assured.

Revenue is inclusive of excise duty until June 30, 2017 and is reduced for customer returns, commissions, rebates and discounts, and other similar allowances. GST is collected on behalf of third parties and are not economic benefits which flow to the entity. Hence, GST is not included as part of revenue.

Rendering of Services

Revenue from services is recognized when the services are rendered in accordance with the specific terms of contract and when collectability of the resulting receivable is reasonably assured.

Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to our operations and are recognized when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income

Dividend income from investments is recognized when our right to receive payment has been established, provided that it is probable that the economic benefits will flow to us and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, provided that it is probable that the economic benefits will flow to us and the amount of income can be measured reliably.

Borrowing Cost

Since we do not have any qualifying assets, capitalization of borrowing cost is not applicable to us. All borrowing costs are recognized in our statement of profit and loss in the period in which they are incurred.

Government Grant

Government grants (including export incentives) are recognized only when there is reasonable assurance that we will comply with the conditions attaching to them and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which we recognize as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under EPCG schemes are recorded as deferred revenue and recognized in our statement of profit and loss on a systematic basis over periods in which the related performance obligations are fulfilled.

Employee Benefits

Defined contribution plans

Provident fund

Contribution towards provident fund is determined under the relevant schemes and statute and charged to our statement of profit and loss during the period of incurrence when the services are rendered by the employees.

Defined benefit plans

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are re-measured. The income statement reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Remeasurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- service costs (including current and past service costs as well as gains or losses on curtailments and settlements);
- net interest costs or income; and
- re-measurement.

We present the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability or asset pertaining to gratuity comprises actuarial gains or losses (i.e., changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognized at the earlier of when we can no longer withdraw the offer of termination benefit or when we recognize any related restructuring costs.

Short-term employee benefits:

A liability is recognized for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at year end are fully provided.

Foreign Currency Transactions

Our foreign operations are an integral part of our activities. In preparing our financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized 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 retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowing is after April 1, 2016, such exchange difference is recognized in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments; and

- exchange difference on translation of derivative instruments designated as cash flow hedge.

Foreign Operations

In our Consolidated Financial Statements, all assets, liabilities and transactions of the consolidated entities with a functional currency other than the Indian Rupee are translated into Indian Rupees upon consolidation. While the functional currency of Craftsman Marine has remained unchanged during the reporting and comparative period, there was a change in the functional currency of Craftsman Automation Singapore from Japanese Yen (JPY) to Singapore Dollar (S$) during Fiscal 2017.

On consolidation, assets and liabilities have been translated into Indian Rupees at the closing rate at the reporting date. Income and expenses have been translated into Indian Rupees at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to our statement of profit and loss and are recognized as part of the gain or loss on disposal.

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act of the respective jurisdiction including other applicable tax laws that have been enacted or substantively enacted.

Deferred Tax

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition, other than in a business combination, of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Segment reporting

Our reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are currently as follows:

- Automotive - Powertrain and Others: This segment develops, manufactures, sells its goods and services of power train and other products to manufacturers of commercial vehicles, farm equipment, construction/mining equipment and passenger vehicles.

- Automotive - Aluminium Products: This segment manufactures and sells its goods and services of aluminium automotive components to the manufacturers of two wheelers, passenger vehicles and commercial vehicles.

- Industrial and Engineering: This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, railway products, storage products, special purpose machines and other general engineering products to various end user industries.

Changes in Accounting Policies

Accounting policies have been applied consistently for the periods covered in our Restated Financial Information.

Summary of Results of Operations

The following is a summary of our profit and loss account as per our Restated Consolidated Financial Information for the periods indicated:

Particulars	Nine months ended December 31, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	in ₹ million	% of total income	in ₹ million	% of total income	in ₹ million	% of total income	in ₹ million	% of total income
Income								
Revenue from operations	10,810.10	99.46	12,101.28	99.08	9,848.88	98.82	8,688.17	100.09
Other Income	58.58	0.54	111.82	0.92	117.75	1.18	(8.13)	(0.09)
Total Income	**10,868.68**	**100.00**	**12,213.10**	**100.00**	**9,966.63**	**100.00**	**8,680.04**	**100.00**
Expenses								
Cost of raw materials consumed	4,192.75	38.58	4,062.56	33.26	2,983.82	29.94	2,075.76	23.91
Changes in inventories of finished goods and work-in-progress	(166.50)	(1.53)	(219.22)	(1.79)	(164.27)	(1.65)	16.11	0.19
Excise duty on sale of goods	324.44	2.99	1,082.54	8.86	898.00	9.01	687.10	7.92
Employee benefit expenses	1,479.77	13.61	1,479.44	12.11	1,228.47	12.33	1,059.44	12.21
Depreciation and amortization expense	1,002.62	9.22	1,139.55	9.33	1,019.84	10.23	951.09	10.96
Other expenses	3,095.31	28.48	3,418.99	27.99	2,649.20	26.58	2,933.41	33.79
Finance costs	770.94	7.09	896.58	7.34	798.07	8.01	643.69	7.42
Total expenses	**10,699.33**	**98.44**	**11,860.44**	**97.11**	**9,413.13**	**94.45**	**8,366.60**	**96.39**
Profit before share of profit from joint venture & tax	**169.35**	**1.56**	**352.66**	**2.89**	**553.50**	**5.55**	**313.44**	**3.61**
Share of profit from Joint Venture	1.99	0.02	2.24	0.02	0.58	0.01	0.22	0.00

Particulars	Nine months ended December 31, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	in ₹ million	% of total income	in ₹ million	% of total income	in ₹ million	% of total income	in ₹ million	% of total income
Profit before tax	**171.34**	**1.58**	**354.90**	**2.91**	**554.08**	**5.56**	**313.66**	**3.61**
Tax expense:								
(1) Current tax	52.94	0.49	96.24	0.79	120.41	1.21	107.86	1.24
Less: MAT Credit Entitlement	52.94	0.49	96.04	0.79	83.43	0.84	107.86	1.24
Net Current Tax	-	0.00	0.20	0.00	36.98	0.37	-	0.00
(2) Deferred Tax	20.03	0.18	(71.17)	(0.58)	71.07	0.71	105.64	1.22
Total tax	**20.03**	**0.18**	**(70.97)**	**(0.58)**	**108.05**	**1.08**	**105.64**	**1.22**
Profit for the year	**151.31**	**1.39**	**425.87**	**3.49**	**446.03**	**4.47**	**208.02**	**2.40**

EBITDA and EBITDA Margin

The following table sets forth our Earnings Before Interest, Taxes, Depreciation and Amortisation Expenses ("**EBITDA**") and the manner in which it is calculated for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015. We define our EBITDA Margin as EBITDA divided by revenue from operations (net).

(in ₹ million except for EBITDA Margin)

Particulars	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Profit before tax	171.34	354.9	554.08	313.66
Add: Finance costs	770.94	896.58	798.07	643.69
Add: Depreciation and amortization expense	1,002.62	1,139.55	1,019.84	951.09
EBITDA	**1,944.90**	**2,391.03**	**2,371.99**	**1,908.44**
EBITDA Margin (EBITDA as a percentage of revenue from operations)	**17.99%**	**19.76%**	**24.08%**	**21.97%**

EBITDA and EBITDA Margin are not measurements of financial profitability or liquidity under Ind AS and should not be considered as an alternative to performance measures derived in accordance with Ind AS.

We make no representations as to the methodologies used to define and/or calculate EBITDA and EBITDA Margin or whether these reflect an appropriate measure of our Company's operating performance.

In addition, these are not standardized terms, hence a direct comparison between companies using such a term may not be possible. Our use of EBITDA and EBITDA Margin thus has limitations as an analytical tool, and you should not consider them either in isolation or as a substitute for analysis of our financial results as reported under Ind AS. Because of these and other limitations, you should consider EBITDA and EBITDA Margin along with other Ind AS-based financial performance measures, including various cash flow metrics, profit after tax, and our Ind AS financial results.

Components of Income and Expenditure

Total Income

Our total income comprises our revenue from operations and other income.

Revenue from operations

We derive our total income from our revenue from operations, which comprises sale of products, sale of services, and other operating revenues.

Our revenue from sale of products accounted for 61.14%, 59.05%, 56.34% and 51.53% of our total income for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively. Our revenue from sale of products comprises revenues from products sold domestically and to export customers

Our revenue from sale of services accounted for 29.82%. 31.31%, 34.07% and 38.15% of our total income for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Our revenue from other operating revenues accounted for 8.50%, 8.73%, 8.41% and 10.41% of our total income for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively. Our other operating revenues comprise sale of swarf and others, duty drawback, EPCG income on fulfilling obligation, and export incentive under the MEI scheme.

Particulars	Nine months ended December 31, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	in ₹ million	%	in ₹ million	%	in ₹ million	%	in ₹ million	%
Domestic Sales	5,689.75	52.63	5,815.23	48.05	4,054.99	41.17	2,687.71	30.94
Export Sales	954.88	8.83	1,396.63	11.54	1,559.86	15.84	1,785.26	20.55
Total Sale of products (A)	**6,644.63**	**61.47**	**7,211.86**	**59.60**	**5,614.85**	**57.01**	**4,472.97**	**51.48**
Sale of services (B)	**3,241.42**	**29.99**	**3,823.63**	**31.60**	**3,395.43**	**34.48**	**3,311.74**	**38.12**
Other operating revenues (C)	**924.05**	**8.55**	**1,065.79**	**8.81**	**838.60**	**8.51**	**903.46**	**10.40**
Revenue from operations (Gross) (A+B+C)	**10,810.10**	**100.00**	**12,101.28**	**100.00**	**9,848.88**	**100.00**	**8,688.17**	**100.00**

Segment mix

Our revenue from operations primarily comprised revenues from the Automotive - Powertrain and Others segment, Automotive - Aluminium Products segment and the Industrial and Engineering segment, as detailed below:

Particulars	Nine months ended December 31, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	in ₹ million	%	in ₹ million	%	in ₹ million	%	in ₹ million	%
Automotive - Powertrain and Others	6,074.82	56.20	7,195.85	59.46	5,799.04	58.88	5,807.09	66.84
Automotive - Aluminium Products	1,705.88	15.78	1,307.74	10.81	776.56	7.88	263.85	3.04
Industrial and Engineering	3,029.40	28.02	3,597.69	29.73	3,273.28	33.24	2,617.23	30.12
Revenue from Operations	10,810.10	100.00	12,101.28	100.00	9,848.88	100.00	8,688.17	100.00

Other income

Our other income accounted for 0.54%, 0.92%, 1.18% and (0.09)% of our total income for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Our other income comprises interest income from deposits, interest income due to unwinding of fair valued assets such as rent advance and deemed equity, net gain on sale of assets, rental income, interest on loan to wholly owned subsidiary, exchange rate gain or loss on transaction and translation, mark-to-market gain or loss – derivative, and others - other income. Our other income is primarily related to the operations of our business,

Expenses

Cost of raw materials consumed

Our cost of raw materials consumed comprises cost of consumption, carriage inward, and sub-contract charges.

The following table sets out the cost of our raw materials consumed as a percentage of our total income for the periods indicated:

Particulars	Nine months ended December 31, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	in ₹ million	%	in ₹ million	%	in ₹ million	%	in ₹ million	%
Cost of raw materials consumed	4,192.75	38.58	4,062.56	33.26	2,983.82	29.94	2,075.76	23.91

Change in inventories of finished goods and work-in-progress

Our change in inventories of finished goods and work-in-progress indicate the difference between our opening and closing inventory of, finished goods and work-in-progress.

Excise duty on sale of goods

The following table sets out the excise duty on sale of goods as a percentage of our total income for the periods indicated:

Particulars	Nine months ended December 31, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	in ₹ million	%	in ₹ million	%	in ₹ million	%	in ₹ million	%
Excise duty on sale of goods	324.44	2.99	1,082.54	8.86	898.00	9.01	687.10	7.92

Employee benefits expense

Employee benefits expense primarily comprise salary and wages, contributions to provident fund and employee state insurance, contribution to gratuity fund, and staff welfare expenses.

The following table sets out the employee benefit expense as a percentage of our total income for the periods indicated:

Particulars	Nine months ended December 31, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	in ₹ million	%	in ₹ million	%	in ₹ million	%	in ₹ million	%
Employee benefits expense	1,479.77	13.61	1,479.44	12.11	1,228.47	12.33	1,059.44	12.21

Other expenses

Our other expenses accounted for 28.48%, 27.99%, 26.58% and 33.79% of our total income for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Other expenses primarily comprised manufacturing expenses (which consisted of stores, spares and tool consumed, power and fuel, repairs and maintenance towards machinery, building and others), administrative expenses (which primarily consisted of rent, travelling expenses, managerial remuneration, insurance charges and others), and selling expenses (which comprised packing material consumed, carriage outward, and sales promotion expenses).

EBITDA

Our EBITDA was ₹ 1,944.90 million, ₹ 2,391.03 million, ₹ 2,371.99 million and ₹ 1,908.44 million for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Our EBITDA as a percentage of revenue from operations was 17.99%, 19.76%, 24.08% and 21.97% for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Depreciation and amortization expense

Our depreciation and amortization expense accounted for 9.22%, 9.33%, 10.23% and 10.96% of our total income for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Depreciation and amortization expense comprises depreciation on property, plant and equipment, and amortization of intangible assets (software and development expenditure).

Finance costs

Our finance costs accounted for 7.09%, 7.34%, 8.01% and 7.42% of our total income for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Finance costs primarily comprised interest expenses, other borrowing costs, and net gain or loss on foreign currency transactions and translation.

Profit before tax

Our profit before tax was ₹ 171.34 million, ₹ 354.90 million, ₹ 554.08 million and ₹ 313.66 million for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Tax expenses

Our tax expenses include current tax, deferred tax and MAT credit entitlement.

Our current tax was ₹ 52.94 million, ₹ 96.24 million, ₹ 120.41 million and ₹ 107.86 million for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively and MAT credit entitlement was ₹ 52.94 million, ₹ 96.04 million, ₹ 83.43 million and ₹ 107.86 million for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Our deferred tax was ₹ 20.03 million, ₹ (71.17) million, ₹ 71.07 million and ₹ 105.64 million for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Profit after tax

Our profit after tax was ₹ 151.31 million, ₹ 425.87 million, ₹ 446.03 million and ₹ 208.02 million for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Our profit after tax as a percentage of our total income was 1.39%, 3.49%, 4.48% and 2.40% for the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Nine months ended December 31, 2017

Income

Our total income for the nine months ended December 31, 2017 was ₹ 10,868.68 million.

Revenue from operations

Our revenue from operations was ₹ 10,810.10 million and accounted for 99.46% of our total income, for the nine months ended December 31, 2017.

Revenue from sale of products

Our revenue from sale of products was ₹ 6,644.63 million and accounted for 61.14% of our total income, for the nine months ended December 31, 2017.

Sale of Services

Our revenue from sale of services was ₹ 3,241.42 million and accounted for 29.82% of our total income for the nine months ended December 31, 2017.

Other operating revenues

Our revenue from other operating revenues was ₹ 924.05 million and accounted for 8.50% of our total income for the nine months ended December 31, 2017.

Segment mix

Our revenue from operations primarily comprised revenues from the Automotive - Powertrain and Others segment, Automotive - Aluminium Products segment and the Industrial and Engineering segment, as detailed below:

Particulars	Nine months ended December 31, 2017	
	in ₹ million	%
Automotive - Powertrain and Others	6,074.82	56.20
Automotive - Aluminium Products	1,705.88	15.78
Industrial and Engineering	3,029.40	28.02
Revenue from Operations	10,810.10	100.00

Other income

Our other income was ₹ 58.58 million and accounted for 0.54% of our total income, for the nine months ended December 31, 2017.

Expenses

Cost of raw materials consumed

Our cost of raw materials consumed was ₹ 4,192.75 million and as a percentage of our total income contributed 38.58% for the nine months ended December 31, 2017.

Change in inventories of finished goods and work-in-progress

Our opening stock of finished goods was ₹ 897.72 million for the nine months ended December 31, 2017.

Our closing stock of finished goods was ₹ 1,064.22 million for the nine months ended December 31, 2017.

Excise duty on sale of goods

Our excise on duty sale of goods was ₹ 324.44 million and accounted for 2.99% of our total income, for the nine months ended December 31, 2017.

Employee benefits expense

Our employee benefits expense was ₹ 1,479.77 million and accounted for 13.61% of our total income, for the nine months ended December 31, 2017.

Other expenses

Our other expenses were ₹ 3,095.31 million and accounted for 28.48% of our total income, for the nine months ended December 31, 2017.

EBITDA

Our EBITDA was ₹ 1,944.90 million for the nine months ended December 31, 2017.

Our EBITDA as a percentage of our total income was 17.99%, for the nine months ended December 31, 2017.

Depreciation and amortization expense

Our depreciation and amortization expense was ₹ 1,002.62 million and accounted for 9.22% of our total income, for the nine months ended December 31, 2017.

Finance costs

Our finance costs were ₹ 770.94 million and accounted for 7.09%, of our total income, for the nine months ended December 31, 2017.

Profit before tax

Our profit before tax was ₹ 171.34 million for the nine months ended December 31, 2017.

Tax expenses

Our current tax and MAT credit entitlement was nil and deferred tax was ₹ 20.03 million, for the nine months ended December 31, 2017.

Profit after tax

Our profit after tax was ₹ 151.31 million for the nine months ended December 31, 2017.

Our profit after tax as a percentage of our total income was 1.39% for the nine months ended December 31, 2017.

Fiscal 2017 compared to Fiscal 2016

Total Income

Our total income increased by ₹ 2,246.47 million, or 22.54%, from ₹ 9,966.63 million in Fiscal 2016 to ₹ 12,213.10 million in Fiscal 2017.

Revenue from operations

Our revenue from operations increased by ₹ 2,252.40 million, or 22.87%, from ₹ 9,848.88 million in Fiscal 2016 to ₹ 12,101.28 million in Fiscal 2017, primarily as a result of growth in our business.

Our revenue from operations accounted for 98.82% of our total income in Fiscal 2016, compared to 99.08% in Fiscal 2017.

Revenue from sale of products

Our revenue from sale of products increased by ₹ 1,597.01 million, or 28.44%, from ₹ 5,614.85 million in Fiscal 2016 to ₹ 7,211.86 million in Fiscal 2017, primarily as a result of growth in our business, largely domestic sales by 43.41%, which was partially offset by a decrease in export sales by 10.46%, as discussed below.

Our revenue from sale of products accounted for 56.34% of our total income in Fiscal 2016, compared to 59.05% in Fiscal 2017.

<u>Domestic and export mix</u>

Our revenue from domestic sales increased by ₹ 1,760.24 million, or 43.41%, from ₹ 4,054.99 million in Fiscal 2016 to ₹ 5,815.23 million in Fiscal 2017, primarily as a result of increase in domestic sales to customers in the Automotive - Powertrain and Others and Automotive - Aluminium Products segments and in product sales in our Industrial and Engineering segment.

However, our revenue from export sales decreased by ₹ 163.23 million, or 10.46%, from ₹ 1,559.86 million in Fiscal 2016 to ₹ 1,396.63 million in Fiscal 2017, primarily as a result of completion of a one-time project order undertaken by us in Fiscal 2016, which was partially offset by increase in sale to our Automotive - Powertrain and Others segment and Industrial and Engineering segment customers.

Sale of Services

Our revenue from sale of services increased by ₹ 428.20 million, or 12.61%, from ₹ 3,395.43 million in Fiscal 2016 to ₹ 3,823.63 million in Fiscal 2017, primarily as a result of increase in machining charges for the commercial vehicles, farm equipment and construction sub-segments of the Automotive - Powertrain and Others segment, and addition of new customers in South India.

Our revenue from sale of services accounted for 34.07% of our total income in Fiscal 2016, compared to 31.31% in Fiscal 2017.

Other operating revenues

Our revenue from other operating revenues increased by ₹ 227.19 million, or 27.09%, from ₹ 838.60 million in Fiscal 2016 to ₹ 1,065.79 million in Fiscal 2017, primarily as a result of an increase in sale of swarf and others and in EPCG income on fulfilling obligation.

Our revenue from other operating revenues accounted for 8.41% of our total income in Fiscal 2016, compared to 8.73% in Fiscal 2017.

Segment mix

Our revenue from the Automotive - Powertrain and Others segment, Automotive - Aluminium Products segment and the Industrial and Engineering segment, increased as detailed below:

Particulars	Fiscal 2016 in ₹ million	Fiscal 2017 in ₹ million	Increase in ₹ million	Increase in %
Automotive - Powertrain and Others	5,799.04	7,195.85	1,396.81	24.09
Automotive - Aluminium Products	776.56	1,307.74	531.18	68.40
Industrial and Engineering	3,273.28	3,597.69	342.41	9.91

Each of the aforesaid increase in revenue in the segments, is primarily as a result of growth in our business in such respective segment.

Other income

Our other income decreased by ₹ 5.93 million, or 5.04%, from ₹ 117.75 million in Fiscal 2016 to ₹ 111.82 million in Fiscal 2017, primarily as a result of exchange rate loss on transaction and translation during this period partially offset by net gain on sale of assets, mark to market net gain on derivatives, interest income on deposits, and interest income due to unwinding of fair valued assets (rent advance).

Our other income accounted for 1.18% of our total income in Fiscal 2016, compared to 0.92% in Fiscal 2017.

Expenses

Cost of raw materials consumed

Our cost of raw materials consumed increased by ₹ 1,078.74 million, or 36.15%, from ₹ 2,983.82 million in Fiscal 2016 to ₹ 4,062.56 million in Fiscal 2017. Our cost of raw materials consumed accounted for 29.94% of our total income in Fiscal 2016, compared to 33.26% in Fiscal 2017.

This is primarily as a result of increase in purchase of raw materials, due to increase in sale of products, especially the material intensive aluminium products, reflecting a shift in our product mix towards aluminium and powertrain products.

Change in inventories of finished goods and work-in-progress

Our opening stock of finished goods was ₹ 514.23 million at the beginning of Fiscal 2016, while it was ₹ 678.50 million at the beginning of Fiscal 2017.

Our closing stock of finished goods was ₹ 678.50 million at the end of Fiscal 2016, while it was ₹ 897.72 million at the end of Fiscal 2017.

The changes in inventories were primarily a result of growth in sale of products, especially the material intensive aluminium products and power train product sales, reflecting a shift in our product mix towards aluminium and power train products, as indicated above.

Excise duty on sale of goods

Our excise on duty sale of goods increased by ₹ 184.45 million, or 20.55%, from ₹ 898.00 million in Fiscal 2016 to ₹ 1,082.54 million in Fiscal 2017, primarily as a result of reduced growth in domestic sales, despite absolute growth in domestic sales revenue.

Our excise on duty sale of goods which accounted for 9.01% of our total income in Fiscal 2016, marginally dropped to 8.86%.in Fiscal 2017.

Employee benefits expense

Our employee benefit expense increased by ₹ 250.97 million, or 20.43%, from ₹ 1,228.47 million in Fiscal 2016 to ₹ 1,479.44 million in Fiscal 2017, primarily as a result of expansion of existing facilities, setting up of a new high-pressure die casting facility in Bengaluru and increase in the number of employees, as well as routine increases in employee compensation packages.

Our employee benefits expense accounted for 12.33% of our total income in Fiscal 2016, compared to 12.11% in Fiscal 2017.

Other expenses

Our other expenses increased by ₹ 769.79 million, or 29.06%, from ₹ 2,649.20 million in Fiscal 2016 to ₹ 3,418.99 million in Fiscal 2017. Our other expenses accounted for 26.58% of our total income in Fiscal 2016, compared to 27.99% in Fiscal 2017.

This is primarily as a result of increase in production activities and increased fuel costs, increased consumption of tools and spares, and increased expenditure on repairs and maintenance, as well as increase in carriage outwards expenditure and packing material costs due to an increase in manufacturing expenses by 22.95% (primarily due to increase in repair and maintenance and power and fuel expenses) an increase in administrative expenses by 48.85% (primarily due to an increase in travelling expenses, exchange rate loss, managerial remuneration and doubtful debts), an increase in selling expenses by 45.98% (primarily due to increase in packing material consumed and carriage outward expenses).

EBITDA

Our EBITDA increased by ₹ 19.04 million, from ₹ 2,371.99 million in Fiscal 2016 to ₹ 2,391.03 million in Fiscal 2017, primarily as a result of the factors discussed above.

Our EBITDA accounted for 23.80% of our total income in Fiscal 2016, compared to 19.58% in Fiscal 2017.

Depreciation and amortization expense

Our depreciation and amortization expense increased by ₹ 119.71 million, or 11.74%, from ₹ 1.019.84 million in Fiscal 2016 to ₹ 1,139.55 million in Fiscal 2017, primarily as a result of increase in property, plant and equipment (on account of setting up a new high-pressure die casting facility in Bengaluru), leading to higher depreciation.

Our depreciation and amortization expense accounted for 10.23% of our total income in Fiscal 2016, compared to 9.33% in Fiscal 2017.

Finance costs

Our finance costs increased by ₹ 98.51 million, or 12.34%, from ₹ 798.07 million in Fiscal 2016 to ₹ 896.58 million in Fiscal 2017, primarily as a result of increase in borrowings to fund our capital expenditure, leading to increase in finance costs.

Our finance costs accounted for 8.01% of our total income in Fiscal 2016, compared to 7.34% in Fiscal 2017.

Profit before tax

Despite increase in EBITDA, our profit before tax decreased by ₹ 199.18 million, or 35.95%, from ₹ 554.08 million in Fiscal 2016 to ₹ 354.90 million in Fiscal 2017, as a result of increased finance costs, depreciation and amortization expense.

Our profit before tax accounted for 5.56% of our total income in Fiscal 2016, compared to 2.91% in Fiscal 2017.

Tax expenses

Our total tax expenses reduced by ₹ 179.02 million, or 165.68%, from ₹ 108.05 million in Fiscal 2016 to ₹ (70.97) million in Fiscal 2017, which was due to a reduction in deferred tax and current tax.

Profit after tax

Our profit after tax decreased by ₹ 20.16 million, or 4.52%, from ₹ 446.03 million in Fiscal 2016 to ₹ 425.87 million in Fiscal 2017, primarily as a result of the factors discussed above, as adjusted for tax expenses.

Our profit after tax accounted for 4.48% of our total income in Fiscal 2016, compared to 3.49% in Fiscal 2017.

Fiscal 2016 compared to Fiscal 2015

Total Income

Our total income increased by ₹ 1,286.59 million, or 14.82%, from ₹ 8,680.04 million in Fiscal 2015 to ₹ 9,966.63 million in Fiscal 2016.

Revenue from operations

Our revenue from operations increased by ₹ 1,160.71 million, or 13.36%, from ₹ 8,688.17 million in Fiscal 2015 to ₹ 9,848.88 million in Fiscal 2016, primarily as a result of growth in our business.

Our revenue from operations accounted for 100.09% of our total income in Fiscal 2015, compared to 98.82% in Fiscal 2016.

Revenue from sale of products

Our revenue from sale of products increased by ₹ 1,141.88 million, or 25.53%, from ₹ 4,472.97 million in Fiscal 2015 to ₹ 5,614.85 million in Fiscal 2016, primarily as a result of growth in our domestic sales by 50.87%, which was partially offset by a decrease in export sales by 12.63%, as discussed below.

Our revenue from sale of products accounted for 51.53% of our total income in Fiscal 2015, compared to 56.34% in Fiscal 2016.

Domestic and export mix

Our revenue from domestic sales increased by ₹ 1,367.28 million, or 50.87%, from ₹ 2,687.71 million in Fiscal 2015 to ₹ 4,054.99 million in Fiscal 2016, primarily as a result of increase in domestic sales to customers in Automotive - Aluminium Products and Industrial and Engineering segments.

However, our revenue from export sales decreased by ₹ 225.40 million, or 12.63%, from ₹ 1,785.26 million in Fiscal 2015 to ₹ 1,559.86 million in Fiscal 2016, primarily as a result of decline in export of railway products which was partially offset by increase in export sales of certain manufactured products. Further, there was also a decline in export sales to customers in Industrial and Engineering segment on account of global market conditions for engineering exports.

Sale of Services

Our revenue from sale of services increased by ₹ 83.69 million, or 2.53%, from ₹ 3,311.74 million in Fiscal 2015 to ₹ 3,395.43 million in Fiscal 2016, primarily as a result of increased machining charges for commercial vehicles, partially offset by a downturn in machining activity and machining charges for farm vehicles on account of drought conditions prevalent across most regions of India during this period.

Our revenue from sale of services accounted for 38.15% of our total income in Fiscal 2015, compared to 34.07% in Fiscal 2016.

Other operating revenues

Our revenue from other operating revenues decreased by ₹ 64.86 million, or 7.18%, from ₹ 903.46 million in Fiscal 2015 to ₹ 838.60 million in Fiscal 2016, primarily as a result of decrease in sale of swarf and others and in EPCG income on fulfilling obligation.

Our revenue from other operating revenues accounted for 10.41% of our total income in Fiscal 2015, compared to 8.41% in Fiscal 2016.

Segment mix

Our revenue from the Automotive - Powertrain and Others segment, Automotive - Aluminium Products segment and the Industrial and Engineering segment, increased as detailed below:

Particulars	Fiscal 2015	Fiscal 2016	Increase / (Decrease) in ₹ million	Increase / (Decrease) in %
	in ₹ million	in ₹ million		
Automotive - Powertrain and Others	5,807.09	5,799.04	(8.05)	(0.14)
Automotive - Aluminium Products	263.85	776.56	512.71	194.32
Industrial and Engineering	2,617.23	3,273.28	656.05	25.07

Each of the aforesaid increase in revenue in the segments (other than for the Automotive - Powertrain and Others segment), is primarily as a result of growth in our business in such respective segment.

The decrease in revenue in the Automotive - Powertrain and Others segment was primarily as a result of decline in export of railway products.

Other income

Our other income increased by ₹ 125.88 million from ₹ (8.13) million in Fiscal 2015 to ₹ 117.75 million in Fiscal 2016, primarily as a result of exchange rate loss on transaction and translation during this period partially offset by net gain on sale of assets, mark to market net gain on derivatives, interest income on deposits, and interest income due to unwinding of fair valued assets (rent advance).

Our other income accounted for (0.09)% of our total income in Fiscal 2015, compared to 1.18% in Fiscal 2016.

Expenses

Cost of raw materials consumed

Our cost of raw materials consumed increased by ₹ 908.06 million, or 43.75%, from ₹ 2,075.76 million in Fiscal 2015 to ₹ 2,983.82 million in Fiscal 2016. Our cost of raw materials consumed accounted for 23.91% of our total income in Fiscal 2015, compared to 29.94% in Fiscal 2016.

This is primarily as a result of increase in purchase of raw materials, due to increase in sale of products, especially the material intensive aluminium products, reflecting a shift in our product mix towards aluminium and powertrain products.

Change in inventories of finished goods and work-in-progress

Our opening stock of finished goods was ₹ 530.34 million at the beginning of Fiscal 2015, while it was ₹ 514.23 million at the beginning of Fiscal 2016.

Our closing stock of finished goods was ₹ 514.23 million at the end of Fiscal 2015, while it was ₹ 678.50 million at the end of Fiscal 2016.

The changes in inventories were primarily a result of growth in sale of products, especially the material intensive aluminium products and powertrain product sales, reflecting a shift in our product mix towards aluminium and powertrain products, as indicated above.

Excise duty on sale of goods

Our excise on duty sale of goods increased by ₹ 210.90 million, or 30.69%, from ₹ 687.10 million in Fiscal 2015 to ₹ 898.00 million in Fiscal 2016, primarily as a result of increased domestic sale of goods.

Our excise on duty sale of goods which accounted for 7.92% of our total income in Fiscal 2015, marginally increased to 9.01% in Fiscal 2016.

Employee benefits expense

Our employee benefit expense increased by ₹ 169.03 million, or 15.95%, from ₹ 1,059.44 million in Fiscal 2015 to ₹ 1,228.47 million in Fiscal 2016, primarily as a result of increase in the number of employees, as well as routine increases in employee compensation packages.

Our employee benefits expense accounted for 12.21% of our total income in Fiscal 2015, compared to 12.33% in Fiscal 2016.

Other expenses

Our other expenses decreased by ₹ 284.21 million, or 9.69%, from ₹ 2,933.41 million in Fiscal 2015 to ₹ 2,649.20 million in Fiscal 2016. Our other expenses accounted for 33.79% of our total income in Fiscal 2015, compared to 26.58% in Fiscal 2016.

This is primarily due to a decrease in administrative expenses by 17.64% (primarily due to decrease in exchange rate gain or loss on transaction and translation and loss on sale of assets), decrease in manufacturing expenses by 9.55% (primarily due to decrease in repair and maintenance) which was partially offset by 11.18% increase in selling expenses.

EBITDA

Our EBITDA increased by ₹ 463.55 million, from ₹ 1,908.44 million in Fiscal 2015 to ₹ 2,371.99 million in Fiscal 2016, primarily as a result of the factors discussed above.

Our EBITDA accounted for 21.99% of our total income in Fiscal 2015, compared to 23.80% Fiscal 2016.

Depreciation and amortization expense

Our depreciation and amortization expense increased by ₹ 68.75 million, or 7.23%, from ₹ 951.09 million in Fiscal 2015 to ₹ 1,019.84 million in Fiscal 2016, primarily as a result of increase in property, plant and equipment, leading to higher depreciation.

Our depreciation and amortization expense accounted for 10.96% of our total income in Fiscal 2015, compared to 10.23% in Fiscal 2016.

Finance costs

Our finance costs increased by ₹ 154.38 million, or 23.99%, from ₹ 643.69 million in Fiscal 2015 to ₹ 798.07 million in Fiscal 2016, primarily as a result primarily as a result of increase in borrowings to fund our capital expenditure, leading to increase in finance costs.

Our finance costs accounted for 7.42% of our total income in Fiscal 2015, compared to 8.01% in Fiscal 2016.

Profit before tax

Our profit before tax increased by ₹ 240.42 million, or 76.64%, from ₹ 313.66 million in Fiscal 2015 to ₹ 554.08 million in Fiscal 2016, primarily as a result of growth in our EBITDA.

Our profit before tax accounted for 3.61% of our total income in Fiscal 2015, compared to 5.56% in Fiscal 2016.

Tax expenses

Our total tax expenses increased by ₹ 2.41 million from ₹ 105.64 million in Fiscal 2015 to ₹ 108.05 million in Fiscal 2016, which was due to a reduction in MAT credit entitlement, partially offset by a decrease in deferred tax.

Profit after tax

Our profit after tax increased by ₹ 238.01 million, or 114.42%, from ₹ 208.02 million in Fiscal 2015 to ₹ 446.03 million in Fiscal 2016, primarily as a result of growth in our business and the factors discussed above, as adjusted for tax expenses.

Our profit after tax accounted for 2.40% of our total income in Fiscal 2015, compared to 4.48% in Fiscal 2016.

Financial Condition, Liquidity and Capital Resources

Our business requires working capital, part of which would be met through additional borrowings in the future. In many cases, significant amounts of working capital are required to finance the procurement of raw materials, labour and the upkeep of our production facilities before payments are received from customers. Additionally, our working capital requirements have increased in recent years due to the general growth of our business. All of these factors may result, or have resulted, in increases in our working capital needs.

Our primary liquidity requirements have been, and will continue to be, to finance our working capital and capital expenditure requirements which we have primarily met from internal accruals and bank borrowings.

Cash Flows

The following table sets forth selected items from our restated cash flow statement for the periods indicated:

(in ₹ million)

Particulars	**Nine months ended December 31, 2017**	**Fiscal**		
		2017	**2016**	**2015**
Net cash from operating activities	1,707.08	2,348.18	1,426.51	2,237.96
Net cash used in investing activities	(1,455.30)	(2,815.17)	(1,387.53)	(1,798.20)
Net cash used in financing activities	(103.18)	699.33	(40.78)	(342.87)
Net increase in cash and cash equivalents	148.60	232.34	(1.80)	96.89
Cash and cash equivalents as at beginning of year	397.44	165.10	166.90	70.01
Cash and cash equivalents as at end of year	546.04	397.44	165.10	166.90

Operating Activities

Net cash from operating activities for the nine months ended December 31, 2017 was ₹ 1,707.08 million and our operating profit before changes in working capital for that period was ₹ 1,889.86 million. The difference was primarily attributable to ₹ 597.28 million increase in inventories and ₹ 121.76 million decrease in trade and other receivables. This was partially offset by ₹ 408.14 million increase in trade payables and other payables and ₹ 115.40 million income taxes paid during the period.

Net cash from operating activities in Fiscal 2017 was ₹ 2,348.18 million and our operating profit before working capital changes for that period was ₹ 2,335.29 million. The difference was primarily attributable to ₹ 1,238.86 million increase in trade payables and other payables. This was partially offset by ₹ 647.63 million increase in trade and other receivables, ₹ 440.58 million increase in inventories and ₹ 137.78 million income taxes paid during the period.

Net cash from operating activities in Fiscal 2016 was ₹ 1,426.51 million and our operating profit before working capital changes for that period was ₹ 2,265.11 million. The difference was primarily attributable to ₹ 340.41

million increase in inventories, ₹ 303.88 million increase in trade and other receivables, ₹ 48.86 million increase in trade payables and other payables and ₹ 145.45 million income taxes paid during the period.

Net cash from operating activities in Fiscal 2015 was ₹ 2,237.96 million and our operating profit before working capital changes for that period was ₹ 2,005.86 million. The difference was primarily attributable to ₹ 542.98 million increase in trade payables and other payables. This was partially offset by ₹ 9.87 million increase in trade and other receivables, ₹ 211.43 million increase in inventories and ₹ 89.58 million income taxes paid during the period.

Investing Activities

Net cash used in investing activities for the nine months ended December 31, 2017 was ₹ 1,445.30 million, primarily consisting of purchase of property, plant and equipment of ₹ 1,415.28 million, purchase of intangible of ₹ 38.42 million, purchase of shares of ₹ 11.51 million, proceeds from sale of assets of ₹ 2.82 million and interest received of ₹ 7.09 million.

Net cash used in investing activities in Fiscal 2017 was ₹ 2,815.17 million, primarily consisting of purchase of property, plant and equipment of ₹ 2,752.29 million, purchase of intangible of ₹ 88.58 million, proceeds from sale of assets of ₹ 10.99 million and interest received of ₹ 14.71 million.

Net cash used in investing activities in Fiscal 2016 was ₹ 1,387.53 million, primarily consisting of purchase of property, plant and equipment of ₹ 1,374.47 million, purchase of intangible of ₹ 27.10 million, proceeds from sale of assets of ₹ 5.42 million and interest received of ₹ 8.62 million.

Net cash used in investing activities in Fiscal 2015 was ₹ 1,798.20 million, primarily consisting of purchase of property, plant and equipment of ₹ 1,815.06 million, purchase of intangible of ₹ 8.13 million, proceeds from sale of assets of ₹ 19.52 million and interest received of ₹ 5.47 million.

Financing Activities

Net cash used in financing activities for the nine months ended December 31, 2017 was ₹ 103.18 million, primarily consisting of proceeds from long-term borrowings of ₹ 1,253.47 million, repayment of long-term borrowings of ₹ 959.74 million, proceeds from short-term borrowings of ₹ 392.28 million, interest paid of ₹ 782.26 million and dividends paid of ₹ 6.93 million.

Net cash from financing activities in Fiscal 2017 was ₹ 699.33 million, primarily consisting of proceeds from long-term borrowings of ₹ 2,427.45 million, repayment of long-term borrowings of ₹ 1,005.33 million, interest paid of ₹ 896.45 million, dividends paid of ₹ 6.94 million and proceeds from short-term borrowings of ₹ 180.60 million.

Net cash used in financing activities in Fiscal 2016 was ₹ 40.78 million, primarily consisting of proceeds from long-term borrowings of ₹ 1,119.23 million, repayment of long-term borrowings of ₹ 910.60 million, proceeds from short-term borrowings of ₹ 468.44 million, interest paid of ₹ 710.91 million and dividends paid of ₹ 6.94 million.

Net cash used in financing activities in Fiscal 2015 was ₹ 342.87 million, primarily consisting of proceeds from long-term borrowings of ₹ 1,211.23 million, repayment of long-term borrowings of ₹ 874.61 million, proceeds from short-term borrowings of ₹ 82.60 million, interest paid of ₹ 590.21 million and dividends paid of ₹ 6.68 million.

Capital Expenditure

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for investments in property, plant and equipment for our manufacturing facilities and other intangible assets. For the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, our gross capital expenditure aggregated to ₹ 944.36 million, ₹ 3,510.72 million, ₹ 1,590.36 million and ₹ 1,695.89 million, respectively.

Indebtedness

As of April 30, 2018, our aggregate outstanding borrowings (including sales bill discounting, sales/purchase invoice bill discounting, buyer's credit and letter of credit facilities availed by our Company) was ₹ 10,107.08 million. For further information, see "***Financial Statements – Restated Consolidated Financial Information - Annexure VIII - Note No. 15***", "***Financial Statements – Restated Consolidated Financial Information - Annexure VIII - Note No. 19***" and "***Financial Indebtedness***" on pages 376, 381 and 455, respectively.

As of April 30, 2018, our Company had total outstanding borrowings amounting to ₹ 10,107.08 million. Set forth below is a brief summary of our Company's aggregate borrowings:

(in ₹ million)

Category of Borrowing	Sanctioned Amount	Outstanding Amount as on April 30, 2018
Secured		
Term loans	8,485.85	5,762.33
Working capital facilities*	4,570.00	3493.06
Unsecured		
Working capital facilities**	1,370.00	851.69
Total	**14,425.85**	**10,107.08**

**includes buyer's credit and letter of credit facilities availed by our Company.*
***includes sales bill discounting and sales/purchase invoice bill discounting facilities availed by our Company.*

Contingent Liabilities and Capital Commitments

The following table sets forth the principal components of our contingent liabilities and capital commitments:

(in ₹ million)

Particulars	Nine months ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
i. Claims against us not acknowledged as debt				
Excise	12.60	12.84	6.63	9.84
Service Tax	7.22	0.43	-	-
Income Tax	69.42	57.21	48.92	48.92
ii. Bank Guarantee (Net of Margin)	**95.19**	**110.98**	**121.33**	**171.11**
iii. On Import /Inland Letter of Credit opened by banker (Net of margin)	**56.34**	**23.18**	**21.09**	**-**
iv. Export obligation under EPCG Scheme				
Proportionate customs duty on imports related to pending obligations	58.58	68.93	61.05	50.64
- Cumulative obligation	1,555.73	1,525.57	1,321.08	1,212.08
- Obligation fulfilled	1,204.26	1,112.01	970.44	923.90
Commitment on Capital Account	785.40	388.30	360.60	724.10

Off-balance Sheet Arrangements

We do not have any material off-balance sheet arrangements.

For further information, see "***Financial Statements***" on page 229.

Related Party Transactions

We have entered into, and expect to continue entering into, transactions with a number of related parties, in the normal course of business.

For further information, see "***Risk Factors - We have entered into transactions with related parties. These or any future related party transactions may potentially involve conflicts of interest and there can be no assurance that we could not have achieved better terms, had such arrangements been entered into with unrelated parties.***" and "***Financial Statements – Restated Consolidated Financial Information – Annexure VII –Note No. 36***" on pages 36 and 309, respectively.

Significant Developments after December 31, 2017

There are no developments after December 31, 2017 that we expect to have a material impact on our reserves, profits, earnings per Equity Share, book value or ability to pay our liabilities within the next 12 months.

However, for a description of, our outstanding financial indebtedness as on April 30, 2018 and the sub-division of the face value of the equity shares of our Company as approved by our Shareholders on April 30, 2018, see "***Capital Structure***" and "***Financial Indebtedness***" on pages 85 and 455, respectively.

Quantitative and Qualitative Disclosure about Market Risks

General market risk

Market risk is the risk that changes in market prices, liquidity and other factors could have an adverse effect on realizable fair values or future cash flows. Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Also see, "***Risk Factors***" on page 17.

Foreign exchange rate risk

We have entered into cross-currency and interest rate swap contracts for hedging our foreign currency and interest rate risks relating to certain external commercial borrowings. In addition, we may enter into call option contracts and interest rate swaps, which are not designated as hedges. In case of currency swaps, the effective portion, i.e., the amounts recognized as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss (such as when the hedged financial income or financial expense is recognized, or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability), while any ineffective portion is recognized immediately in profit or loss. In all such events, the net mark to market gains or losses are recognized in our statement of profit or loss for the period. However, there can be no assurance that our aforesaid measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against other relevant foreign currencies, to the extent that we recognize a net mark to market loss in our statement of profit and loss for the period, our profitability may be adversely affected.

Also see, "***Risk Factors***" on page 17.

Interest rate risk

We are exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. Although the risk of floating interest rates in foreign currency is managed by the use of interest rate swap contracts, from time to time, to the extent that we recognize a net mark to market loss in our statement of profit and loss for the period, our profitability may be adversely affected.

Also see, "***Risk Factors***" on page 17.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations.

Also see, "***Risk Factors***" on page 17.

Our trade receivables were ₹ 1,901.95 million, ₹ 1,741.11 million, ₹ 1,348.10 million and ₹ 1,254.35 million, for the nine months ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015, respectively. The expected credit loss allowance for trade receivables based on our provision matrix was ₹ 70.29 million, ₹ 70.85 million, ₹ 50.62 million and ₹ 61.51 million, as at the end of the nine months ended December 31, 2017 and Fiscals 2017, 2016 and 2015, respectively.

Liquidity Risk

Liquidity risk refers to the risk that we cannot meet our financial obligations, despite having obtained fund-based and non fund-based working capital limits from various banks and investing the surplus in bank fixed deposits.

Also see, "***Risk Factors***" on page 17.

Unusual or infrequent events or transactions

Except as discussed in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Known trends or uncertainties

To our knowledge, except as we have described in this Draft Red Herring Prospectus, including under this section and under "***Risk Factors***" on page 17, there are no known trends or uncertainties, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future changes in relationship between costs and revenues

Except as described in this section and in "***Risk Factors***" and "***Business***" on pages 17 and 173, respectively, to our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on our operations and finances.

Extent to which material increases in net sales or revenue are due to increased sale volume, introduction of new products or services or increased sales prices

The extent to which material increases in net sales or revenue are due to increased sale volume, introduction of new products or services or increased sales prices is discussed in this section above.

New Product or Business Segments

Other than as described in "***Business***" on page 173, there are no new products or business segments in which we operate.

Significant regulatory changes that materially affected or are likely to affect income from continuing operations

Except as described in "***Risk Factors***" and "***Key Regulations and Policies in India***" pages 17 and 192, respectively, there have been no significant regulatory changes that have materially affected or are likely to affect our income from continuing operations.

The extent to which our business is seasonal

Our business experiences seasonal variation with the third quarter of the Fiscal year typically recording lower sales primarily due to a reduction in sales on account of reduced number of working days due to festivities and holidays in India and a reduction in export sales due to festivities and holidays in such jurisdictions. Furthermore, some of our customers may have businesses that are seasonal in nature. However, see "***Risk Factors - Our quarterly results may fluctuate significantly, which could have a negative effect on the price of our Equity Shares.***", "***Risk factors - The cyclical and seasonal nature of automotive sales and production can adversely affect our business.***" and "***Business***", on pages 34, 40 and 173, respectively.

Competitive conditions

For a description of the competitive conditions in which we operate, see "***Industry Overview***" and "***Business − Competition***" on pages 114 and 191, respectively.

Supplier or customer concentration

We do not have any material dependence on a single or a few suppliers or customers. However, see "***Risk Factors - We depend on a limited number of customers for a significant portion of our revenues. The loss of any of our key customers or significant reduction in production and sales of, or demand for our production from our significant customers may adversely affect our business, results of operations and financial condition.***" and "***Business***" on pages 17 and 173, respectively, and the discussion of credit risk in "***- Credit Risk***" on page 453.

FINANCIAL INDEBTEDNESS

Pursuant to our Articles of Association, subject to the provisions of the Companies Act 2013 and other applicable laws and pursuant to the resolution passed by the shareholders of our Company on April 30, 2018, our Board has been authorised to borrow, from time to time, any sum or sums of money, as may, in the opinion of the Board, be required to be borrowed by our Company notwithstanding that the monies already borrowed by the Company (apart from temporary loans obtained and/or to be obtained from our Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of our Company and its free reserves, provided that the total monies borrowed by our Company and outstanding at any point of time for the principal amounts of loan borrowed (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business) shall not exceed the sum of ₹ 15,000.00 million.

As of April 30, 2018, our aggregate outstanding borrowings (including sales bill discounting, sales/purchase invoice bill discounting, buyer's credit and letter of credit facilities availed by our Company) was ₹ 10,107.08 million.

Borrowings of our Company on standalone basis

As of April 30, 2018, our Company had total outstanding borrowings amounting to ₹ 10,107.08 million. Set forth below is a brief summary of our Company's aggregate borrowings:

(in ₹ million)

Category of Borrowing	Sanctioned Amount	Outstanding Amount as on April 30, 2018
Secured		
Term loans	8,485.85	5,762.33
Working capital facilities*	4,570.00	3493.06
Unsecured		
Working capital facilities**	1,370.00	851.69
Total	**14,425.85**	**10,107.08**

**includes buyer's credit and letter of credit facilities availed by our Company.*
***includes sales bill discounting and sales/purchase invoice bill discounting facilities availed by our Company.*

Principal terms of the borrowings availed of by our Company

Set out below are the principal terms of the borrowing availed of by our Company:

Interest: In terms of the term loans availed of by our Company, the interest rate typically the base rate of a specified lender, in case of Indian Rupee denominated loans or LIBOR, and in case of foreign currency denominated loans and spread/margin *per annum*.

Tenor: The tenor of the term loans typically ranges from 48 months to 96 months.

Security: The term loans are typically secured by way of:

a. creating security by way of hypothecation on our Company's fixed assets and current assets;

b. creating security by way of mortgage of our Company's land and other immovable properties,

c. providing personal guarantee of our Promoter; and

d. demand promissory notes.

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

Re-payment: The term loans are typically repayable in equally or quarterly or semi-annual instalments after a moratorium period.

Prepayment: The term loans availed of by our Company typically have prepayment provisions which allows for pre-payment and re-scheduling of the outstanding loan amount on receiving prior approval from such concerned lender, subject to such prepayment penalties as may be decided by the lender at the time of such prepayment, or as laid down in the facility document, as the case may be.

Covenants: Borrowing arrangements entered into by our Company for the term loans typically contain various restrictive conditions and covenants restricting certain corporate actions, and we are required to take the prior approval of the lender before carrying out such activities, including for:

a. Effecting any material change in the equity pattern;

b. Amending our Memorandum of Association and Articles of Association;

c. Undertaking any new project, diversification, modernization or substantial expansion of our projects;

d. Changing our capital structure or management of our Company;

e. Effect any merger, amalgamation or scheme of arrangement or compromise;

f. Declaring or paying any dividend or any other distribution to any of the shareholders;

g. Creating any charge, mortgage, pledge, hypothecation, lien or other encumbrance over assets constituting security or any further indebtedness of any nature;

h. Revaluing the assets of our Company;

i. Changing the accounting policies of our Company;

j. Transferring or disposing of the Equity Shares by our Promoter;

k. Incorporating new subsidiaries; and

l. Investing any funds by way of deposit, extending loan or advance to or placing deposit with other companies.

Events of Default: Borrowing arrangements entered into by our Company for the term loans contain standard events of default, including:

a. non-payment or default of principal and/or interest due on the loan obligation;

b. breach of any representation, warranty or undertaking by our Company;

c. proceedings relating to winding up, insolvency, liquidation being initiated against our Company;

d. change in control of our Company;

e. non creation of security within stipulated period;

f. appointment of a receiver over or liquidator for all or any part of the undertaking of our Company;

g. cross default by our Company on amounts due to any other lender;

h. cessation of business of our Company; and

i. any circumstance or event which is prejudicial to or impair or imperils or jeopardizes or adversely affect the ability or capacity of the borrower to perform or company its obligation to repay under the loan agreements.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

Also see "***Objects of the Offer - Details of the Objects of the Fresh Issue***" on page 96.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

The details of the outstanding litigation or proceedings involving our Company, our Promoter, our Subsidiaries, Joint Venture, our Group Company and our Directors are described in this section in the manner as detailed below.

Except as stated in this chapter, there are no: (i) outstanding criminal proceedings involving our Company, Promoter, Directors, Subsidiaries, Joint Venture or Group Company; (ii) outstanding actions taken by statutory or regulatory authorities involving our Company, Promoter, Directors, Subsidiaries, Joint Venture or Group Company; (iii) outstanding claims involving our Company, Promoter, Directors, Subsidiaries, Joint Venture or Group Company for any direct and indirect tax liabilities; (iv) outstanding material civil litigation involving our Company, Promoter, Directors, Subsidiaries, Joint Venture and Group Company pursuant to the Materiality Policy in accordance with the SEBI ICDR Regulations; (v) pending inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or the Companies Act 1956 against our Company and Subsidiaries (vi) pending proceedings initiated against our Company for economic offences; (vii) pending defaults or non-payment of statutory dues by our Company; (viii) outstanding dues to creditors of our Company as determined to be material by our Board of Directors as per the Materiality Policy in accordance with the SEBI ICDR Regulations; and (xi) outstanding dues to micro, small and medium enterprises, small scale undertakings and other creditors.

Pursuant to the SEBI ICDR Regulations and the Materiality Policy for the purposes of disclosure, all pending litigation involving our Company, Promoter, Directors, Subsidiaries, Joint Venture and Group Company, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered "material" if the monetary amount of claim by or against our Company, Promoter, Directors, Subsidiaries, Joint Venture and Group Company, in any such pending litigation, exceeds 1.00% of the consolidated profit after tax of our Company, as per the Restated Consolidated Financial Information, for the latest fiscal i.e. Fiscal 2017, amounting to ₹ 4.26 million, or any such litigation, an adverse outcome of which would materially and adversely affect our Company's business, prospects, operations, financial condition or reputation, irrespective of the amount involved in such litigation.

It is further clarified that notices received by our Company, Promoter, Directors, Subsidiaries, Joint Venture and Group Company, from third parties (excluding statutory/regulatory authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that our Company, Promoter, Directors, Subsidiaries, Joint Venture or Group Company, are impleaded as defendants in litigation proceedings before any judicial forum.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

I. LITIGATION INVOLVING OUR COMPANY

A. Outstanding criminal proceedings involving our Company

Criminal proceedings against our Company

There are no criminal proceedings pending against our Company.

Criminal proceedings by our Company

There are no criminal proceedings pending which have been initiated by our Company.

B. Outstanding material civil litigation involving our Company

Civil proceedings against our Company

There are no material civil proceedings against our Company.

Civil proceedings by our Company

There are no material civil proceedings pending which have been initiated by our Company.

C. Outstanding actions by statutory or regulatory authorities against our Company

There are no pending actions by statutory or regulatory authorities against our Company.

D. Outstanding tax proceedings against our Company

The details with respect to direct tax and indirect tax proceedings involving our Company are set out below:

S. No	Particulars	Number of cases	Aggregate amount involved (*in ₹ million*)*
1.	Direct tax	19	69.42
2.	Indirect tax	11	18.90
	Total	**30**	**88.32**

** to the extent quantifiable*

E. Pending proceedings initiated against our Company for economic offences

There are no pending proceeding initiated against our Company for economic offences.

F. Pending inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company.

There are no pending inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company.

G. Default and non – payment of statutory dues

Except as disclosed in "***Financial Statements – Restated Standalone Financial Information – Annexure VII – Note no. 22***" on page 383, as on December 31, 2017, our Company does not owe any statutory dues. Further, our Company has not made any defaults or committed any acts involving non-payment of its statutory dues.

H. Outstanding dues to small scale undertakings or any other creditors

As per the Materiality Policy, for the identification of material creditors (except banks and financial institutions from whom the Company has availed financing facilities), our Company has considered a creditor to whom an amount due exceeds 1.00% of the consolidated trades payables of the Company as on date of the latest fiscal i.e. Fiscal 2017, as per the Restated Consolidated Financial Information, amounting to ₹ 29.78 million. Further, for outstanding dues to small-scale undertakings or micro, small or medium enterprises, the disclosure is based on information available with our Company regarding status of the creditors as small-scale undertakings or micro, small or medium enterprises, as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as relied upon the Statutory Auditors in preparing their audit report.

Based on the Restated Consolidated Financial Information as of December 31, 2017, there are 1951 creditors of our Company to whom an aggregate amount of ₹ 3,324.36 million was outstanding.

Based on the Materiality Policy and the Restated Consolidated Financial Information as of December 31, 2017, there are 20 material creditors of our Company to whom an aggregate amount of ₹ 1,640.46 million was outstanding. For further information, see www.craftsmanautomation.com.

Based on information available with our Company and the Restated Consolidated Financial Information as of December 31, 2017, there are 53 micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006 to whom our Company owed an aggregate amount of ₹ 41.70 million.

II. LITIGATION INVOLVING OUR DIRECTORS

A. **Outstanding criminal litigation involving our Directors**

Criminal proceedings against our Directors

There are no criminal proceedings pending against our Directors.

Criminal proceedings by our Directors

There are no criminal proceedings pending which have been initiated by our Directors.

B. **Outstanding material civil litigation involving our Directors**

Civil proceedings against our Directors

There are no material civil proceedings pending against our Directors.

Civil proceedings by our Directors

There are no material civil proceedings pending which have been initiated by our Directors.

C. **Outstanding actions by statutory or regulatory authorities against any of our Directors**

1. The Assistant Director General of Foreign Trade, Ministry of Commerce & Industry, Government of India ("**DGFT**") issued a show cause notice dated October 12, 2017 against Magnetic Electronics Devices Private Limited ("**MEDPL**"), Sundararaman Kalyanaraman, ex-director of MEDPL, and certain other individuals for alleged failure to discharge export obligations with respect to quantity based advance authorization which was granted to them. The notice required the noticees to submit certain documents evidencing fulfillment of export obligations to avoid any violation of the Foreign Trade (Development and Regulation) Act, 1992. MEDPL filed a response dated November 15, 2017 denying the violation. However, the DGFT passed an order dated November 15, 2017 pursuant to the show cause notice imposing a penalty of ₹ 0.10 million on MEDPL. MEDPL filed an appeal dated December 13, 2017 against the impugned order of DGFT praying the impugned order and the show cause notice to be set aside. The matter is pending before DGFT.

D. **Outstanding tax proceedings involving our Directors**

There are no direct or indirect tax proceedings pending involving our Directors.

III. **LITIGATION INVOLVING OUR PROMOTER**

A. **Outstanding criminal litigation involving our Promoter**

Criminal proceedings against Srinivasan Ravi

There are no criminal proceedings pending against Srinivasan Ravi.

Criminal proceedings by Srinivasan Ravi

There are no criminal proceedings pending which have been initiated by Srinivasan Ravi.

B. **Outstanding material civil litigation involving our Promoter**

Civil proceedings against Srinivasan Ravi

There are no material civil proceedings pending against Srinivasan Ravi.

Civil proceedings by Srinivasan Ravi

There are no material civil proceedings pending which have been initiated by Srinivasan Ravi.

C. Outstanding actions by statutory or regulatory authorities against our Promoter

There are no pending actions by statutory or regulatory authorities against our Promoter.

D. Outstanding tax proceedings involving our Promoter

There are no direct or indirect tax proceedings involving our Promoter.

IV. LITIGATION INVOLVING OUR SUBSIDIARIES AND JOINT VENTURE

A. Outstanding criminal litigation involving our Subsidiaries and Joint Venture

Craftsman Marine B.V.

Criminal proceedings against Craftsman Marine B.V.

There are no criminal proceedings pending against Craftsman Marine B.V.

Criminal proceedings by Craftsman Marine B.V.

There are no criminal proceedings pending which have been initiated by Craftsman Marine B.V.

Craftsman Automation Singapore Pte. Ltd.

Criminal proceedings against Craftsman Automation Singapore Pte. Ltd.

There are no criminal proceedings pending against Craftsman Automation Singapore Pte. Ltd.

Criminal proceedings by Craftsman Automation Singapore Pte. Ltd.

There are no criminal proceedings pending which have been initiated by Craftsman Automation Singapore Pte. Ltd.

Carl Stahl Craftsman Enterprises Private Limited

Criminal proceedings against Carl Stahl Craftsman Enterprises Private Limited

There are no criminal proceedings against Carl Stahl Craftsman Enterprises Private Limited

Criminal proceedings by Carl Stahl Craftsman Enterprises Private Limited

There are no criminal proceedings pending which have been initiated by Carl Stahl Craftsman Enterprises Private Limited

B. Outstanding material civil litigation involving our Subsidiaries and Joint Venture

Craftsman Marine B.V.

Civil proceedings against Craftsman Marine B.V.

There are no material civil proceedings pending against Craftsman Marine B.V.

Civil proceedings by Craftsman Marine B.V.

There are no material civil proceedings pending which have been initiated by Craftsman Marine B.V.

Craftsman Automation Singapore Pte. Ltd.

Civil proceedings against Craftsman Automation Singapore Pte. Ltd.

There are no material civil proceedings pending against Craftsman Automation Singapore Pte. Ltd.

Civil proceedings by Craftsman Automation Singapore Pte. Ltd.

There are no material civil proceedings pending which have been initiated by Craftsman Automation Singapore Pte. Ltd.

Carl Stahl Craftsman Enterprises Private Limited

Civil proceedings against Carl Stahl Craftsman Enterprises Private Limited

There are no material civil proceedings pending against Carl Stahl Craftsman Enterprises Private Limited.

Civil proceedings by Carl Stahl Craftsman Enterprises Private Limited

There are no material civil proceedings pending which have been initiated by Carl Stahl Craftsman Enterprises Private Limited.

C. Outstanding actions by statutory or regulatory authorities against any of our Subsidiaries or Joint Venture

There are no pending actions by statutory or regulatory authorities against any of our Subsidiaries and or Joint Venture.

D. Outstanding tax proceedings involving our Subsidiaries or Joint Venture

The details with respect to direct tax and indirect tax proceedings involving our Subsidiaries or Joint Venture are set out below:

S. No	Name of the Subsidiary/Joint Venture	Category of tax	Number of cases	Aggregate amount involved (*in ₹ million*)*
1.	Carl Stahl Craftsman Enterprises Private Limited (*Joint Venture*)	Indirect tax	1	0.92
	Total		**1**	**0.92**

***** *to the extent quantifiable*

E. Pending inquiry, inspection or investigation initiated or conducted under the Companies Act against our Subsidiaries and Joint Venture.

There are no pending inquiries, inspections or investigations initiated or conducted under the Companies Act against our Subsidiaries and Joint Venture.

V. LITIGATION INVOLVING OUR GROUP COMPANY

A. Outstanding criminal litigation involving our Group Company

Criminal proceedings against MC Craftsman Machinery Private Limited

There are no criminal proceedings pending against MC Craftsman Machinery Private Limited.

Criminal proceedings by MC Craftsman Machinery Private Limited

There are no criminal proceedings pending which have been initiated by MC Craftsman Machinery Private Limited.

B. Outstanding material civil litigation involving our Group Company

Civil proceedings against MC Craftsman Machinery Private Limited

There are no material civil proceedings pending against MC Craftsman Machinery Private Limited.

Civil proceedings by MC Craftsman Machinery Private Limited

1. MC Craftsman Machinery Private Limited filed a complaint against United India Insurance Company Limited before the National Consumer Dispute Redressal Commission, New Delhi on March 15, 2018 for repudiating its insurance claim of ₹ 17.82 million pursuant to damage of certain machinery during inland transit purchased by MC Craftsman Machinery Private Limited. The matter is pending before the National Consumer Dispute Redressal Commission, New Delhi.

C. Outstanding actions by statutory or regulatory authorities against our Group Company

There are no pending actions by statutory or regulatory authorities against MC Craftsman Machinery Private Limited.

D. Outstanding tax proceedings involving our Group Company

The details with respect to direct tax and indirect tax proceedings involving our Group Company are set out below:

S. No	Particulars	Number of cases	Aggregate amount involved (*in ₹ million*)*
1.	Direct tax	-	Nil
2.	Indirect tax	1	0.96
	Total	**1**	**0.96**

***** *to the extent quantifiable*

Material developments since the last balance sheet date

Except as stated in "***Management's Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments after December 31, 2017***" on page 452, no circumstances have arisen since December 31, 2017, the date of the last restated financial information disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Our Company is required to obtain consents, licenses, registrations, permissions and approvals for carrying out its present business activities which include factory licenses, certificates of stability of factory, fire licenses, licenses to import and store petroleum, labour approvals including registration for contract labour employed at our facilities, registration under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948, environmental approvals including consent to operate under the Air Act and Water Act and tax related approvals. There are certain non-material consents, licenses, registrations, permissions and approvals that our Company obtains for its business from time to time. The requirement for such approvals for a particular facility may vary based on factors such as the legal requirements in the state in which the facility is set up, the capacity of the facility and the type of production. Except as disclosed in this Draft Red Herring Prospectus, no further material approvals from any regulatory authority are required for carrying on the present or proposed business operations of our Company. In the event that any of the approvals and licenses that are required for the business operations of our Company expire in the ordinary course of business, our Company applies for their renewal from time to time.

The main objects clause and objects incidental to the main objects, in our Memorandum of Association enable our Company to undertake its existing and proposed activities.

For further information in connection with the regulatory and legal framework within which our Company operates, see "***Key Regulations and Policies in India***" on page 192.

I. Incorporation details of our Company

1. Certificate of incorporation dated July 18, 1986 issued to our Company by the RoC in the name of "Craftsman Automation Private Limited".

2. Fresh certificate of incorporation dated May 4, 2018 issued to our Company by the RoC pursuant to the conversion of our Company to a public limited company and consequent change in the name of our Company from "Craftsman Automation Private Limited" to "Craftsman Automation Limited".

   For further information on corporate and other approvals in relation to the Offer, see "***Other Regulatory and Statutory Disclosures – Authority for the Offer - Corporate Approvals***" on page 466.

II. Approvals in relation to the operations of our Company

1. Factory licenses under Factories Act, 1948 and relevant state factories rules.

2. Consent to establish, consent to operate and authorization obtained under the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 and rules thereunder.

3. Registration under the Employee Provident Fund and Miscellaneous Provisions Act, 1952.

4. Registration under the Employees State Insurance Act, 1948.

5. Registration under the Contract Labour (Regulation & Abolition) Act, 1970.

6. Registration certificate obtained from relevant state labour department under the shops and establishments act of the relevant states where our Company operates an establishment.

7. Registration as employer and enrollment certificate under the relevant state professions, trade, calling and employment legislation for payment of professional tax.

8. Approvals for obtaining PAN and TAN.

9. Registration for payment of goods and services tax.

10. Importer – exporter code.

III. Approvals applied for, but not received

Certain material consents, licenses, registrations, permissions and approvals that are required to be obtained by our Company for undertaking its business have elapsed in their normal course and our Company has either made an application to the relevant Central Government or state government authorities for renewal of such licenses, consents, registrations, permissions and approvals or is in the process of making such applications. Our Company has made applications to the Central Government or relevant state government authorities to intimate the change in the name of our Company pursuant to conversion into a public limited company and to obtain revised, licenses, registrations, permissions and approvals, wherever applicable. The consents, licenses, registrations, permissions and approvals for which applications have been made by our Company including:

1. Application dated April 6, 2018 for renewal of consent to operate for sheet metal division in unit located in Kurichi, Coimbatore.

2. Application dated May 24, 2018 for renewal of hazardous waste authorization for unit located in Bengaluru.

3. Application dated May 10, 2018 for renewal of certificate of registration as principal employer under Contract Labour (Regulation and Abolition) Act, 1970 for unit located in Pithampur.

4. Application dated April 25, 2018 for renewal of fire NOC for unit located in Bengaluru.

5. Application dated May 25, 2018 for renewal of fire NOC for unit-2 located in Pune.

6. Application dated May 25, 2018 for renewal of fire NOC for unit-3 located in Pune.

7. Application dated May 31, 2018 for renewal of fire NOC for unit located in Pithampur.

IV. Approvals not applied for

There are no approvals for which applications are yet to made by our Company.

V. Intellectual property related approvals

The details of certain trademarks registered and renewed in the name of our Company, under the Trade Marks Act, are as provided below:

S. no.	Trade Mark	Class	Application no.	Date of application	Date of expiry
1.	WWW.CRAFTSMANAUTOMATION.COM	6	1697319	June 10, 2008	June 10, 2028
2.	WWW.CRAFTSMANAUTOMATION.COM	12	2020269	September 8, 2010	September 8, 2020
3.	Craftsman	6	2040958	October 20, 2010	October 20, 2020
4.	Craftsman	7	2040959	October 20, 2010	October 20, 2020
5.	Craftsman	12	2040961	October 20, 2010	October 20, 2020

In addition to the above, our Company has registered its website: www.craftsmanautomation.com.

Our Company has filed applications for the registration of the following trademarks in accordance with the Trade Marks Act, the status is provided below:

S. no.	Description	Class	Application no.	Date of application	Status of application
1.	CRAFTSMAN	7	1534719	February 26, 2007	Opposed
2.	WWW.CRAFTSMANAUTOMATION.COM	7	1697320	June 10, 2008	Refused
3.	CM Craftsman	6, 9, 20 and 22	3559176	May 29, 2017	Objected
4.	VSTORE	6, 9, 20 and 22	3559177	May 29, 2017	Objected

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

- Our Board has, pursuant to resolutions passed on March 30, 2018 and May 24, 2018, authorised the Offer, subject to the approval of the Shareholders of our Company under Section 62(1)(c) of the Companies Act 2013.

- Our Shareholders have, pursuant to a special resolution passed on April 30, 2018 under Section 62(1)(c) of the Companies Act 2013, authorised the Offer.

- This Draft Red Herring Prospectus has been approved by the Board on May 24, 2018 and by the IPO Committee on June 8, 2018.

Approvals from the Selling Shareholders

The Selling Shareholders have approved the transfer of their respective Offered Shares as set out below:

S. No.	Name of the Selling Shareholder	Date of Consent Letter	Maximum number of Offered Shares
1.	Srinivasan Ravi	March 26, 2018	210,000
2.	Marina	March 22, 2018	1,559,260
3.	IFC	March 20, 2018	1,414,060
4.	K. Gomatheswaran	April 28, 2018	1,200,000
		Total	**4,383,320**

In-principle Listing Approvals

- Our Company has received in-principle approval from BSE for the listing of our Equity Shares pursuant to a letter dated [●].

- Our Company has received in-principle approval from NSE for the listing of our Equity Shares pursuant to a letter dated [●].

Prohibition by the SEBI, the RBI or other Governmental authorities

None of our Company, our Subsidiaries, our Promoter, our Promoter Group, our Directors, our Group Company, or persons in control of our Company are or have ever been prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities for any reasons or under any order or direction passed by the SEBI or any other governmental authorities.

Neither our Promoter, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is prohibited or debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities. Further, there have been no violations of securities laws committed by any of them in the past or are currently pending against them.

Each Selling Shareholder confirms that it has not been prohibited from accessing the capital market under any order or direction passed by SEBI or any other governmental authority. Further, each Selling Shareholder confirms that it has not been declared as a Wilful Defaulter.

None of our Directors is in any manner associated with the securities market, including securities market related business and no action has been taken by the SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

Neither our Company, our Promoter, nor any member of our Promoter Group nor our Group Company, nor our Directors, nor the relatives (as per the Companies Act) of our Promoter, are or have been declared as Wilful Defaulters.

The listing of any securities of our Company or our Subsidiaries has never been refused at any time by any stock exchange in India or abroad.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as described below:

"*An issuer may make an initial public offer, if:*

(a) *it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:*

Provided that if more than fifty percent of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project;

Provided further that the limit of fifty percent on monetary assets shall not be applicable in case the public offer is made entirely through an offer for sale.

(b) *it has a minimum average pre-tax operating profit of rupees fifteen crore, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years.*

(c) *it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);*

(d) *the aggregate of the proposed issue and all previous issues made in the same financial year in terms of the issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;*

(e) *if it has changed its name within the last one year, at least fifty percent of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name."*

Our Company's pre-tax operating profit, net worth and net tangible assets derived from the Restated Financial Information included in this Draft Red Herring Prospectus as of, and for Fiscals 2017, 2016, 2015, 2014 and 2013 are set forth below:

Based on Restated Standalone Financial Information:

(*in ₹ million except as indicated*)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Net tangible assets(1)	17,665.25	14,302.07	13,410.19	12,237.40	10,777.08
Monetary assets(2)	374.54	154.10	154.86	57.11	89.11
Monetary assets as a percentage of net tangible assets (%)	2.12	1.08	1.15	0.47	0.83
Pre-tax operating profit(3)	1,128.31	1,214.47	1,052.81	893.09	1,069.83
Net worth(4)	5,397.80	5,012.26	4,613.10	4,334.73	4,076.16

Based on Restated Consolidated Financial Information:

(*in ₹ million except as indicated*)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Net tangible assets(1)	17,476.40	14,085.52	13,159.79	12,095.43	10,668.96
Monetary assets(2)	397.44	165.10	166.90	70.01	117.20
Monetary assets as a percentage of net tangible assets (%)	2.27	1.17	1.27	0.58	1.10
Pre-tax operating profit(3)	1,139.66	1,234.40	965.48	854.72	1,068.07
Net worth(4)	5,213.10	4,784.79	4,368.67	4,162.84	3,943.96

Notes:

(1) Net tangible assets means the sum of all net assets of our Company, excluding intangible assets (as defined in Ind AS 38).

(2) Monetary assets comprises of cash and bank balances

(3) Pre-tax operating profit has been defined as restated profit before the interest and tax but after adjusting other income, loss on sale of investment, lease rentals written off, interest income written off and finance costs.

(4) Net worth means the aggregate of the paid-up equity share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

Our average pre-tax operating profit, calculated on a restated standalone basis, during the three most profitable years being Fiscals 2017, 2016 and 2013 out of Fiscals 2017, 2016, 2015, 2014 and 2013 is ₹ 1,137.54 million.

Our average pre-tax operating profit, calculated on a restated consolidated basis, during the three most profitable years being Fiscals 2017, 2016 and 2013 out of Fiscals 2017, 2016, 2015, 2014 and 2013 is ₹ 1,147.38 million.

Our Company has not changed its name in during the last one year except to reflect its conversion to a public company pursuant certificate of incorporation dated May 4, 2018 issued to our Company by the RoC. For further information on changes in the name of our Company, see "***History and Certain Corporate Matters***" on page 197.

The pre-Offer net worth of our Company as at March 31, 2017 is ₹ 5,213.10 million, on a restated consolidated basis, and is ₹ 5,397.80 million, on a restated standalone basis, and five times of such pre-Offer net worth is ₹ 26,065.48 million, on a restated consolidated basis, and ₹ 26,989.00 million, on a restated standalone basis, respectively. The aggregate of the proposed Offer and all previous issues made in the same financial year in terms of issue size is not expected to exceed five times its pre-Offer net worth as per the restated summary statement of assets and liabilities of Fiscal 2016, either on a standalone or consolidated basis.

Hence, we are eligible for the Offer as per Regulation 26(1) of the SEBI ICDR Regulations.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, otherwise, the entire application money will be refunded forthwith. If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the applicants at the rate of 15% *per annum* for the delayed period.

Each of the Selling Shareholders will be entitled to the respective proportion of the proceeds of the Offer for Sale after deducting their portion of the Offer related expenses. Other than the listing fees for the Offer and expense on account of corporate advertisements of the Company (which shall be exclusively borne by our Company), all cost, fees and expenses in respect of the Offer will be shared among our Company and the Selling Shareholders in proportion of the proceeds received for the Fresh Issue and their respective portion of Offered Shares, as may be applicable, upon the successful completion of the Offer. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. However, in the event that the Offer is withdrawn by our Company for any reason whatsoever, all the Offer related expenses will be borne by our Company. Further, for ease of operations, expenses of the Selling Shareholders may at the outset be borne by our Company and each Selling Shareholder shall reimburse our Company for expenses incurred by our Company on behalf of such Selling Shareholders, in relation to the Offer, upon successful completion of the Offer in the manner as prescribed under applicable law and agreed amongst the Company and the Selling Shareholders.

Our Company is in compliance with conditions specified in Regulation 4(2) of the SEBI ICDR Regulations to the extent applicable.

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING ICICI SECURITIES LIMITED, IIFL HOLDINGS LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE

DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY EACH OF THEM UNDER THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES FOR THEIR RESPECTIVE PROPORTION OF THE OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BOOK RUNNING LEAD MANAGERS, BEING ICICI SECURITIES LIMITED, IIFL HOLDINGS LIMITED AND SBI CAPITAL MARKETS LIMITED, HAVE FURNISHED TO THE SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 8, 2018 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS DATED JUNE 8, 2018 PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:**

    A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

    B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

    C. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT 1956, TO THE EXTENT APPLICABLE, THE COMPANIES ACT 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE;**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH AND NOTED FOR COMPLIANCE;**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH AND NOTED FOR COMPLIANCE;**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTER'S CONTRIBUTION WILL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER – NOTED FOR COMPLIANCE;**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION - COMPLIED WITH TO THE EXTENT APPLICABLE;**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO AMONG THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION 3 OF SECTION 40 OF THE COMPANIES ACT 2013;**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT 2013, EQUITY SHARES IN THE OFFER WILL BE ISSUED IN DEMATERIALISED FORM ONLY;**

11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    a. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND – <u>COMPLIED WITH</u>**

    b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME. – <u>COMPLIED WITH</u>**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, WHILE MAKING THE OFFER - <u>NOTED FOR COMPLIANCE</u>;**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. - <u>COMPLIED WITH</u>;**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, , AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY; – <u>COMPLIED WITH;</u>**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGERS (WHO ARE RESPONSIBLE FOR PRICING THIS OFFER)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR – <u>COMPLIED WITH</u>;**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, AS PER INDIAN ACCOUNTING STANDARD 24 AS DISCLOSED IN THE FINANCIAL STATEMENTS OF THE COMPANY AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS, AS CERTIFIED BY PKF SRIDHAR & SANTHANAM LLP, CHARTERED ACCOUNTANTS, THE STATUTORY AUDITOR OF THE COMPANY PURSUANT TO CERTIFICATE DATED JUNE 8, 2018</u>;**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. (IF APPLICABLE). – <u>NOT APPLICABLE</u>.**

The filing of this Draft Red Herring Prospectus does not, however, absolve any person who has authorised the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs any irregularities or lapses in this Draft Red Herring Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act 2013.

Price Information of past issues handled by the BRLMs

I. ICICI Securities Limited

1. Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by ICICI Securities Limited

S. No.	Issue name	Issue size (*in ₹ million*)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar days from listing	+/- % change in closing price, [+/% change in closing benchmark]- 180th Calendar days from listing
1.	Housing and Urban Development Corporation Limited	12,095.70	60.00(1)	May 19, 2017	73.00	+13.17%, [+2.44%]	+34.67%, [+4.98%]	+35.67%, [+8.05%]
2.	AU Small Finance Bank Limited	19,125.14	358.00	July 10, 2017	530.00	+58.76%, [+2.12%]	+65.20%, [+2.23%]	+95.38%,[+8.06%]
3.	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.29%, [+1.17%]	+3.14%, [+5.40%]	+39.12%,[+8.62%]
4.	Matrimony.Com Limited	4,974.79	985.00(2)	September 21, 2017	985.00	-12.28%, [+0.62%]	-7.64%,[+3.37%]	-16.55%,[-0.27%]
5.	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.10	+3.62%, [+6.25%]	+18.97%,[+8.17%]	+15.36%,[4.06%]
6.	SBI Life Insurance Company Limited	83,887.29	700.00(3)	October 3, 2017	735.00	-7.56%, [+5.89%]	-0.07%,[+5.84%]	-2.30%,[3.57%]
7.	Newgen Software Technologies Limited	4,246.20	245.00	January 29, 2018	254.10	-0.20%, [-5.18%]	+2.51%[-3.51%]	-
8.	Galaxy Surfactants Limited	9,370.90	1,480.00	February 8, 2018	1,525.00	+1.14%, [-3.31%]	-0.85%[+1.33%]	-
9.	Aster DM Healthcare Limited	9,801.40	190.00	February 26, 2018	183.00	-13.66%,[-3.77%]	-5.29%,[+1.00%]	-
10.	Sandhar Technologies Limited	5,124.80	332.00	April 2, 2018	346.10	+19.59%[+4.96%]	-	-

(1) Discount of ₹ 2 per equity share offered to retail investors and to eligible employees. All calculations are based on issue price of ₹ 60.00 per equity share.

(2) Discount of ₹ 98 per equity share offered to retail investors and to eligible employees. All calculations are based on issue price of ₹ 985.00 per equity share.

(3) Discount of ₹ 68 per equity share offered to eligible employees. All calculations are based on issue price of ₹ 700.00 per equity share.

Notes:

a. All data sourced from www.nseindia.com

b. Benchmark index considered is NIFTY

c. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day

2. Summary statement of price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by ICICI Securities Limited

Financial year	Total no. of IPOs	Total funds raised (*in ₹ million*)	Nos. of IPOs trading at discount – 30th calendar day from listing			Nos. of IPOs trading at premium – 30th calendar day from listing			Nos. of IPOs trading at discount – 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018-19*	1	5,124.80	-	-	-	-	-	1	-	-	-	-	-	-
2017-18	9	208,306.61	-	-	5	1	-	3	-	-	2	1	2	1
2016-17	12	160,855.45	-	-	3	4	4	1	-	1	1	7	2	1

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.
Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

II. IIFL Holdings Limited

1. Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by IIFL Holdings Limited

S. No.	Issue name	Issue size (*in ₹ million*)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar days from listing	+/- % change in closing price, [+/% change in closing benchmark]- 180th Calendar days from listing
1.	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.3%, [+0.3%]	+3.1%, [+4.0%]	+45.5%,[+6.0%]
2.	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2725.00	+50.8%, [+1.2%]	+80.9%, [+2.5%]	+95.2%,[+1.1%]
3.	Capacit'e Infraprojects Limited	4,000.00	250.00	September 25, 2017	399.00	+34.9%, [+3.3%]	+60.3%, [+5.3%]	+18.1%, [+0.3%]
4.	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.00	+3.3%, [+4.6%]	+19.0%, [+6.7%]	+15.4%, [+2.6%]
5.	Indian Energy Exchange Limited	10,007.26	1,650.00	October 23, 2017	1,500.00	-5.6%, [+1.9%]	-1.8%, [+7.4%]	-0.7%, [+4.1%]
6.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	+1.2%, [-3.9%]	+5.9%, [+2.9%]	-4.2%, [+1.6%]
7.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	+31.5%, [+1.2%]	+49.0%, [+3.2%]	+71.6%, [+5.2%]
8.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.2%, [+4.2%]	-11.7%, [+1.1%]	NA
9.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+4.1%, [+4.4%]	+6.9%, [-1.3%]	NA
10.	ICICI Securities Limited	35,148.49	520.00	April 04, 2018	435.00	-28.9%, [+3.6%]	NA	NA

Source: www.nseindia.com

Notes:

a. *Benchmark Index taken as CNX NIFTY.*

b. *Price on NSE is considered for all of the above calculations.*

c. *The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30th/90th/180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*

d. *% change taken against the issue price in case of the issuer.*

e. *% change taken against closing CNX NIFTY Index a day prior to the listing date.*

f. *NA means Not Applicable.*

2. Summary statement of price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by IIFL Holdings Limited

Financial year	Total no. of IPOs	Total funds raised (*in ₹ million*)	Nos. of IPOs trading at discount – 30th calendar day from listing			Nos. of IPOs trading at premium – 30th calendar day from listing			Nos. of IPOs trading at discount – 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018-2019*	5	92,062.31	-	-	1	2	1	1	-	-	-	3	1	1
2017-2018	9	198,722.66	-	-	3	1	2	3	-	-	2	2	1	2
2016-2017	1	35,148.49	-	1	-	-	-	-	-	-	-	-	-	-

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.
Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

III. SBI Capital Markets Limited

1. Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by SBI Capital Markets Limited

S. No.	Issue name	Issue size (*in ₹ million*)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar days from listing	+/- % change in closing price, [+/% change in closing benchmark]- 180th Calendar days from listing
1.	ICICI Securities Ltd	35,148.49	520.00	April 04, 2018	435.00	-15.01%[4.84%]	NA	NA
2.	Mishra Dhatu Nigam Limited [4]	4,328.96	90.00	April 04, 2018	90.00	60.56% [5.74%]	NA	NA
3.	Hindustan Aeronautics Ltd [5]	41,131.33	1,215.00	March 28, 2018	1,169.00	-3.31%[6.07%]	NA	NA
4.	Bharat Dynamics Limited [6]	9,527.88	428.00	March 23, 2018	370.00	-4.91%[5.87%]	NA	NA
5.	H. G. Infra Engineering Limited	4,620.00	270.00	March 9, 2018	270.00	23.30%[+1.45%]	10.65%[-6.08%]	NA
6.	Amber Enterprises India Limited [7]	5,995.99	859.00	January 30, 2018	1,180.00	27.40%[-5.13%]	-8.37%[-2.38%]	NA
7.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	3.61%[-3.19%]	8.12%[-0.89%]	-13.81%[2.52%]
8.	SBI Life Insurance Company Limited [8]	83,887.29	700.00	October 3, 2017	735.00	-7.56%[+5.89%]	-0.44%[7.35%]	-2.30%[+3.57 %]
9.	Cochin Shipyard Limited [9]	14,429.30	432.00	August 11, 2017	435.00	30.24%[+2.14%]	30.51%[+6.42%]	20.02%[+9.55%]
10.	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.29%[+1.17%]	3.14%[+5.40%]	39.12%[+8.62%]

Source: www.nseindia.com, www.bseindia.com

Notes:

1. *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*

2. *The designated exchange for the issue has been considered for the price, benchmark index and other details.*

3. *The number of issues in Table-1 is restricted to 10.*

4. *Retail discount and employee discount of ₹ 3 per equity share to the offer price*

5. *Retail discount and employee discount of ₹ 25 per equity share to the offer price*

6. *Retail discount and employee discount of ₹ 10 per equity share to the offer price*

7. *Employee discount of ₹ 85 per equity share to the offer price*

8. *Employee discount of ₹ 68 per equity share to the offer price*

9. *Retail discount and employee discount of ₹ 21 per equity share to the offer price*

2. *Summary statement of price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by SBI Capital Markets Limited*

Financial year	Total no. of IPOs	Total funds raised (*in ₹ million*)	Nos. of IPOs trading at discount – 30th calendar day from listing			Nos. of IPOs trading at premium – 30th calendar day from listing			Nos. of IPOs trading at discount – 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018-19*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-18	12	239,623.05	-	-	5	2	2	3	-	-	2	1	2	1
2016-17	7	129,691.00	-	-	3	1	1	2	-	1	1	2	2	1

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.
Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Track record of past issues handled by the BRLMs

For further information regarding the track record of the BRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, see the websites of the BRLMs mentioned below:

BRLM	Website
ICICI Securities Limited	www.icicisecurities.com

BRLM	Website
IIFL Holdings Limited	www.iiflcap.com
SBI Capital Markets Limited	www.sbicaps.com

Caution – Disclaimer from our Company, our Directors, our Selling Shareholders and the BRLMs

Our Company, our Directors, the Selling Shareholders and BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.craftsmanautomation.com or any website of any of the members of our Promoter Group, Subsidiaries, Group Company or any affiliate of our Company, would be doing so at his or her own risk. Each Selling Shareholders and their respective directors, affiliates, associates and officers accept/undertake no responsibility for any statements made or undertakings provided other than those specifically undertaken or confirmed by such Selling Shareholders, and only in relation to itself and/or to the respective Offered Shares.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders (to the extent of themselves and their Offered Shares) and the BRLMs to the Bidders and public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Neither our Company nor the Selling Shareholders nor any member of the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system, or otherwise.

The BRLMs and their respective associates may engage in transactions with, and perform services for our Company, the Selling Shareholders and their respective affiliates or associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or the Selling Shareholders or their respective affiliates or associates for which they have received, and may in future receive compensation.

Bidders will be required to confirm, and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families ("**HUFs**"), companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorised under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, Alternative Investment Funds ("**AIFs**"), FPIs registered with SEBI and QIBs. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Coimbatore, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered may not be offered or sold within 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 and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to us shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to us shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the SEBI at Mumbai, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed, will be delivered for registration to the RoC in accordance with Section 32 of the Companies Act 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act 2013 will be delivered for registration to the RoC situated at the address mentioned below:

Registrar of Companies, Coimbatore

Stock Exchange Building, 2nd Floor
683, Trichy Road, Singanallur,
Coimbatore 641 005
Tamil Nadu, India

Listing

Application has been made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares being offered and sold in the Offer and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. If our Company does not allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% *per annum* for the delayed period.

The Selling Shareholders undertakes to provide such reasonable support and extend reasonable cooperation as may be required and requested by our Company, to the extent such support and cooperation is required from such Selling Shareholder to facilitate the process of listing and commencement of trading of their respective portion of the Offered Shares on the Stock Exchanges within six working days from the Bid/Offer Closing Date.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

"Any person who –

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of the Selling Shareholders, our Directors, our Chief Financial Officer, our Company Secretary and Compliance Officer, Legal Counsel to the Company as to Indian Law, Legal Counsel to the BRLMs as to Indian Law, Legal Counsel to the Investor Selling Shareholders, BRLMs, the Bankers to our Company, Lenders (where such consent is required), industry data providers, Statutory Auditors, Registrar to the Offer, Syndicate Members, Escrow Collection Banks and Monitoring Agency, if applicable, to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Section 26 and 32 of the Companies Act 2013. Further, such consents shall not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus and the Prospectus with SEBI.

Expert Opinion

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

Our Company has received written consent from our Auditors, PKF Sridhar & Santhanam LLP, Chartered Accountants, to include their name in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) read with Section 26(5) of the Companies Act 2013 to the extent and in their capacity as the statutory auditor of our Company and in respect of their examination reports on our Restated Consolidated Financial Information, Restated Standalone Financial Information, each dated May 24, 2018 and the statement of tax benefits dated June 8, 2018, and the consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, underwriting fees, selling commission, fees payable to the BRLMs, fees payable to legal counsels, fees payable to the Registrar to the Offer, Escrow Collection Banks to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to Registered Brokers, Collecting RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. For further information on Offer expenses, see "***Objects of the Offer***" on page 96.

Fees, Brokerage and Selling Commission

The total fees payable to the BRLMs and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the engagement letter dated [●] and the Syndicate Agreement, copies of which shall be available for inspection at our Registered and Corporate Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing the Red Herring Prospectus until the Bid/Offer Closing Date.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer, including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape and printing of bulk mailing register, will be as per the Registrar Agreement, a copy of which shall be made available for inspection at our Registered and Corporate Office. Adequate funds shall be provided to the Registrar to the Offer to enable it to send refund orders or Allotment Advice by registered post or speed post or ordinary post.

Particulars regarding Public or Rights Issues during the Last Five Years

There have been no public issues or rights issues undertaken by our Company during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Commission payable to SCSBs, Registered Brokers, RTAs and CDPs

For further information on the commission payable to SCSBs, Registered Brokers, RTAs and CDPs, see "- ***Offer Expenses***" above on page 477.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares, since the incorporation of our Company.

Previous Issues Otherwise than for Cash

Except as disclosed in "***Capital Structure***" on page 85, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Capital Issues in the Preceding Three Years

Except as disclosed in "***Capital Structure***" on page 85, our Company has not made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus. None of our Subsidiaries or Group Company have made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis Objects

Our Company has not undertaken any public, including any rights issues to the public in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis- à-vis Objects: Last Issue of Subsidiaries and Group Company

None of our Subsidiaries and Group Company have made any public, including rights issues to the public in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

Outstanding Debentures, Bonds or Redeemable Preference Shares or other instruments

Our Company does not have any outstanding debentures, bonds or redeemable preference shares, as on the date of this Draft Red Herring Prospectus.

Partly Paid-Up Shares

As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a minimum period of three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors may contact the BRLMs for any complaint pertaining to the Offer. All grievances, other than by Anchor Investors, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders DP' ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Shainshad Aduvanni, our Company Secretary, as our Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems at the contact details set out in "***General Information***" on page 76.

Further, our Board has constituted the Stakeholders Relationship Committee which is responsible for redressal of grievances of the security holders of our Company. For further information, see "***Management - Board committees - Stakeholders Relationship Committee***" on page 217.

Disposal of investor grievances by listed Group Company

As on the date of this Draft Red Herring Prospectus, our Group Company is not listed on any stock exchange, and therefore there are no investor complaints pending against it.

Changes in Auditors

There has been no change in our Auditors in the three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

Capitalization of Reserves or Profits

Except as disclosed in "***Capital Structure***" in page 85, our Company has not capitalized its reserves or profits at any time during the last five years immediately preceding the date of this Draft Red Herring Prospectus.

Revaluation of Assets

Except as disclosed in the "***Financial Statements***" on page 229, our Company has not revalued its assets at any time during the last five years immediately preceding the date of this Draft Red Herring Prospectus.

SECTION VII – OFFER RELATED INFORMATION

OFFER STRUCTURE

Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share for cash, including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] million and is being made through the Book Building Process. The Offer comprises a Fresh Issue of up to [●] Equity Shares by our Company aggregating up to ₹ 4,000.00 million and an Offer for Sale of up to 4,383,320 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders. In terms of Rule 19(2)(b)(ii) of the SCRR, the Equity Shares issued in this Offer shall aggregate to at least such percentage of the post-Offer Equity Share capital of our Company (calculated at Offer Price) that will be at least ₹ 4,000.00 million. The Offer includes a reservation of up to [●] Equity Shares aggregating up to ₹ 50.00 million for subscription by the Eligible Employees not exceeding 5% of the post-Offer paid-up Equity Share capital of our Company. The Net Offer shall constitute [●]% of the post- Offer paid-up Equity Share capital of our Company.

The Offer is being made through Book Building Process.

Particulars	Eligible Employees	QIBs[1]	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation[2]	Up to [●] Equity Shares	Not more than [●] Equity Shares	Not less than [●] Equity Shares or the Offer less allocation to QIB Bidders and Retail Individual Investors shall be available for allocation	Not less than [●] Equity Shares or the Offer less allocation to QIB Bidders and Non-Institutional Investors shall be available for allocation
Percentage of Offer size available for allocation	The Employee Reservation Portion shall constitute up to [●]% of the post-Offer paid-up Equity Share capital of our Company	Not more than 50% of the Net Offer size. However 5% of the QIB Category, net of the Anchor Investor Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the portion will also be eligible for allocation in the remaining QIB category. Unsubscribed portion in the Mutual Fund Portion, if any, will be added to the QIB Category	Not less than 15% of the Net Offer or Offer less allocation to QIB Bidders and Retail Individual Investors	Not less than 35% of the Net Offer or Offer less allocation to QIB Bidders and Non-Institutional Investors
Basis of Allotment if respective category is oversubscribed[3]	Proportionate; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to	Proportionate as follows (excluding the Anchor Investor Portion): (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving	Proportionate	In the event, the Bids received from Retail Individual Investors exceeds [●] Equity Shares, then the maximum number of Retail Individual Investors who can be Allotted the minimum Bid lot will be computed by dividing the total number of Equity Shares available for Allotment to Retail Individual

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Investors	Retail Individual Investors
	Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000 each.	allocation as per (a) above. Up to [●] Equity Shares have been allocated on a discretionary basis to Anchor Investors		Investors by the minimum Bid lot (the "**Maximum RII Allottees**"). The Allotment to Retail Individual Investors will then be made in the following manner: • In the event the number of Retail Individual Investors who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) Retail Individual Investors shall be Allotted the minimum Bid lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the Retail Individual Investors who have received Allotment as per (i) above for less than the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid lot). • In the event the number of Retail Individual Investors who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the Retail Individual Investors (in that category) who will then be Allotted minimum Bid lot shall be determined on draw of lots basis
Mode of Bidding	Through ASBA process only (except Anchor Investors)			
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Investors	Retail Individual Investors
Maximum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares so that the maximum Bid Amount by each Eligible Employee in this portion does not exceed ₹ 500,000.	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size Offer subject to applicable limits to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer subject to applicable limits to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount does not exceed ₹ 200,000 net of retail discount.
Mode of Allotment	Compulsorily in dematerialized form			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Employee Reservation Portion	[●] Equity Shares and in multiples of one Equity Share thereafter		[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Category
Trading Lot	One Equity Share			
Who can Apply [(4)]	Eligible Employees such that the Bid Amount does not exceed ₹ 500,000	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual fund registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs, state industrial development corporation, insurance companies registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and systemically important non-banking financial company having a net-worth of more than five hundred crore rupees as per the last audited financial statements.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, Category III Foreign Portfolio Investors sub-accounts of FIIs which are foreign corporate or foreign individuals such that the Bid Amount exceeds ₹ 200,000 in value.	Resident Indian Individuals, Eligible NRIs, HUF (in the name of *Karta*) applying for Equity Shares such that the Bid Amount does not exceed ₹ 2,00,000 in value.

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Investors	Retail Individual Investors
Terms of Payment	***In case of Anchor Investors:*** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their bids.[(5)] ***In case of all other Bidders:*** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form.			

(1) *Our Company and the Investor Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For further information, see "**Offer Procedure**" on page 490.*

(2) *Subject to valid Bids being received at or above the Offer Price. The Offer is being made in accordance with Rule 19(2)(b)(ii) of the SCRR and under Regulation 26(1) of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category. 5% of the QIB Category (excluding the Anchor Investor Portion), shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Category (excluding the Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining the QIB Category (excluding the Anchor Investor Portion) for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Category or the Retail Category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Investor Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange in accordance with applicable law. However, under-subscription, if any, in the QIB Category will not be allowed to be met with spill-over from other categories or a combination of categories. In terms of Rule 19(2)(b)(ii) of the SCRR, the Equity Shares issued in this Offer shall aggregate to at least such percentage of the post-Offer Equity Share capital of our Company (calculated at Offer Price) that will be at least ₹ 4,000.00 million. In case of an under subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be first met through the Equity Shares offered pursuant to the Offer for Sale on a pro-rata basis in a manner proportionate to the respective portion of the Offered Shares of each Selling Shareholder and subsequently, the balance part of the Fresh Issue. The Offer includes a reservation of up to [●] Equity Shares aggregating to ₹ 50.00 million for subscription by the Eligible Employees not exceeding 5% of the post-Offer paid-up Equity Share capital of our Company.

(3) *Assuming full subscription in the Offer.*

(4) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

(5) *In case the Anchor Investor Allocation Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Allocation Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them. For further information on terms of payment applicable to Anchor Investors, see "**Offer Procedure – Allotment Procedure and Basis of Allotment**" on page 526.*

Bidders will confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, the Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

TERMS OF THE OFFER

The Equity Shares being issued pursuant to the Offer are subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the MoA, the AoA, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the confirmation of allocation notes (for Anchor Investors), Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue and offer for sale and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI, FIPB and/or other authorities to the extent applicable or such other conditions as may be prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

Ranking of Equity Shares

The Equity Shares being offered and allotted in the Offer will be subject to the provisions of the Companies Act, SEBI Listing Regulations, the Memorandum of Association and the Articles of Association and will rank *pari passu* with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further information, "***Dividend Policy***" and "***Main Provisions of Articles of Association***" on pages 228 and 537, respectively.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, our Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared, after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale) in this Offer, will be received by the Allottees, in accordance with applicable law. For further information, see "***Dividend Policy***" and "***Main Provisions of Articles of Association***" on pages 228 and 537, respectively.

Face Value and Price Band

The face value of each Equity Share is ₹ 5. At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●]. The Anchor Offer Price is [●].

The Price Band and the Minimum Bid Lot will be decided by our Company and the Investor Selling Shareholders in consultation with the BRLMs and published at least five Working Days prior to the Bid/Offer Opening Date, in [●] edition of [●] (a widely circulated English national daily newspaper) and [●] edition of [●] (a widely circulated Hindi national daily newspaper and in [●] a widely circulated Tamil newspaper, Tamil being the regional language in Coimbatore where our Registered and Corporate Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the floor Price and at the Cap Price shall be pre-filled in the Bid cum Application Forms available at the website of the Stock Exchanges.

Compliance with the SEBI ICDR Regulations

Our Company shall comply with all the disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable law and our Articles of Association, the equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;

- Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and

- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "***Main Provisions of Articles of Association***" on page 537.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act 2013, the Equity Shares will be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in dematerialized form in multiples of one Equity Share, subject to a minimum allotment of [●] Equity Shares. For the method of Basis of Allotment, see "***Offer Procedure***" on page 490.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Nomination Facility to the Bidder

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013 be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013 will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or

- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Withdrawal of the Offer

Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, reserve the right to not proceed with the Offer and each Investor Selling Shareholder, severally and not jointly, reserves the right not to proceed with the Offer for Sale, at any time after the Bid/Offer Opening Date but before Allotment. If our Company and the Investor Selling Shareholders withdraw the Offer, our Company will issue a public notice within two days from the Bid/Offer Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Investor Selling Shareholders, in consultation with the BRLMs, withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, a fresh draft red herring prospectus will be filed and/or submitted with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid/Offer Closing Date; and (ii) the final RoC approval of the Prospectus after it is filed and/or submitted with the RoC and the Stock Exchanges.

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding Centers, except that on the Bid/Offer Closing Date (which for QIBs may be a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges (Indian Standard Time) in case of Bids by Retail Individual Investors and Eligible Employees. On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges. Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. If a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs would be rejected. Our Company, the Selling Shareholders and the members of Syndicate will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days. Investors may please note that as per letters dated July 3, 2006 and July 6, 2006, issued by BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Company and the Investor Selling Shareholders in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a press release and by indicating the change on the websites of the BRLMs and terminals of the Syndicate Members. However, in case of revision in the Price Band, the Bid Lot shall remain the same.

In case of any discrepancy in the data entered in the electronic book *vis-à-vis* data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Bid/Offer Period

BID/OFFER OPENS ON*	[●]

BID/OFFER CLOSES ON**	
FINALIZATION OF BASIS OF ALLOTMENT	[●]
INITIATION OF REFUNDS FOR ANCHOR INVESTORS/UNBLOCKING OF FUNDS	[●]
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	[●]
COMMENCEMENT OF TRADING	[●]

** Our Company and the Investor Selling Shareholders, in consultation with the BRLMs may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*
*** Our Company and the Investor Selling Shareholders, may in consultation with the BRLMs, decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.*

This timetable is indicative in nature and does not constitute any obligation or liability on our Company, the Selling Shareholders or the members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Offer Closing Date, the timetable may be subject to change for various reasons, including extension of Bid/Offer period by our Company and the Investor Selling Shareholders due to revision of the Price Band, any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law. Bids other than Bids from Anchor Investors for non-ASBA are liable to be rejected.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue, including through the devolvement to the Underwriters, as applicable, our Company shall forthwith refund the entire subscription amount received within the timelines prescribed under applicable laws, failing which, the Directors of our Company who are officers in default shall jointly and severally be liable to repay that money with interest at the rate of 15% *per annum*. This is further subject to the compliance with Rule 19(2)(b) of the SCRR. Further in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares are Allotted in the Offer will be not less than 1,000. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the balance subscription in the Offer will be first met through the Equity Shares offered pursuant to the Offer for Sale on a pro-rata basis in a manner proportionate to the respective portion of the Offered Shares of each Selling Shareholder and subsequently, the balance part of the Fresh Issue.

Each of the Selling Shareholders will be entitled to the respective proportion of the proceeds of the Offer for Sale after deducting their portion of the Offer related expenses. Other than the listing fees for the Offer and expense on account of corporate advertisements of the Company (which shall be exclusively borne by our Company), all cost, fees and expenses in respect of the Offer will be shared among our Company and the Selling Shareholders in proportion of the proceeds received for the Fresh Issue and their respective portion of Offered Shares, as may be applicable, upon the successful completion of the Offer. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. However, in the event that the Offer is withdrawn by our Company for any reason whatsoever, all the Offer related expenses will be borne by our Company. Further, for ease of operations, expenses of the Selling Shareholders may at the outset be borne by our Company and each Selling Shareholder shall reimburse our Company for expenses incurred by our Company on behalf of such Selling Shareholders, in relation to the Offer, upon successful completion of the Offer in the manner as prescribed under applicable law and agreed amongst the Company and the Selling Shareholders.

The requirement for minimum subscription is not applicable to the Offer for Sale in accordance with SEBI ICDR Regulations.

Arrangement for Disposal of Odd Lots

Since our Equity Shares will be traded in dematerialized form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on Transfer of Shares

Except for lock-in of pre-Offer equity shareholding, Minimum Promoter's Contribution and Anchor Investor lock-in the Offer, as detailed in *"**Capital Structure - History of Build-up, Contribution and Lock-in of Promoter's Shareholding**"* on page 87 and as provided in our Articles as detailed in "***Main Provisions of Articles of***

Association" on beginning page 537, there are no restrictions on transfers and transmission of shares and on their consolidation/splitting.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 as amended and modified by the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, notified by SEBI ("**General Information Document**") included below under section titled "– **Part B - General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and provisions of the Companies Act 2013, to the extent applicable to a public issue and any other enactments and regulations. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis, in accordance with the SEBI ICDR Regulations of which at least one-third will be available for allocation to domestic Mutual Funds, in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only, subject to valid Bids being received from the domestic Mutual Funds at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Category (other than Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Category (other than Anchor Investor Portion) for proportionate allocation to QIBs. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Category (excluding the Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining the QIB Category (excluding the Anchor Investor Portion) for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Investor Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centers and at our Registered and Corporate Office. The Bid cum Application Forms will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLMs. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors) must provide bank account details and authorisation by the ASBA bank holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such detail are liable to be rejected.

Further, such Bidders shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid cum Application Forms) and Bid cum Application Forms not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis^	White
Non-Residents including FPIs (including FIIs), and Eligible NRIs, FVCIs and registered bilateral and multilateral institutions applying on a repatriation basis^	Blue
Anchor Investors**	-
Eligible Employees Bidding in the Employee Reservation Portion.	Pink

** Excluding electronic Bid cum Application Forms*

***Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.*

^ Electronic Bid cum Application forms will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com).

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any r Escrow Collection Bank.

Who can Bid?

In addition to the category of Bidders set forth under the section " ***– Part B - General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue***" on page 505, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- scientific and/or industrial research organizations authorized in India to invest in the Equity Shares; and
- any other persons eligible to Bid in the Offer under the laws, rules, regulations, guidelines and policies applicable to them.

Participation by associates and affiliates of the BRLM and the Syndicate Members, Promoter, Promoter Group and persons related to Promoter/Promoter Group

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Investors Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The Promoter, Promoter Group, BRLMs and any persons related to the BRLMs (except Mutual Funds sponsored by entities related to the BRLMs) cannot apply in the Offer under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders reserve the right to reject any Bid without assigning any reason therefore. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000. The initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000. For the method of proportionate basis of allocation, see "- ***Allotment Procedure and Basis of Allotment***" on page 526.

Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

a. The Bidder should be an Eligible Employee as defined above. In case of joint bids, the first Bidder shall be an Eligible Employee.

b. Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).

c. The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.

d. The maximum Bid in this category by an Eligible Employee cannot exceed ₹ 500,000.

e. Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

f. Bid by Eligible Employees (subject to Bid Amount being up to ₹ 500,000) in the Employee Reservation Portion and in the Net Offer shall not be treated as multiple Bids.

g. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

Bids by Anchor Investors

For further information in relation to Bids by Anchor Investors, see "***– Part B – General Information Document for Investing in Public Issues***" on page 502.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRIs applying on a repatriation basis should authorise their SCSBs to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") accounts, and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form.

Further, in terms of the FEMA Regulations, the total holding by each NRI shall be below 5% of the total post-Offer paid-up Equity Share capital of our Company and the total holdings of all NRI put together shall not exceed 10% of the paid-up Equity Share capital of our Company. The aggregate limit of 10% has been increased by our Company to 24% by way of a resolution passed by the Board of Directors on March 30, 2018 and a special resolution passed by our Shareholders on April 30, 2018.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Bids by FPI (including FIIs)

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014 (the "**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be below 10% of our post- Offer Equity Share capital of our Company.

Any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. An FII or a sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in this Offer, until the expiry of its registration with SEBI as an FII or a sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company and the Investor Selling Shareholders reserve the right to reject any Bid without assigning any reason.

Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total post-Offer paid-up Equity Share capital of our Company or 10% of the paid-up value in respect of each series of instruments and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% has been increased by our Company to 49% by way of a resolution passed by the Board of Directors on March 30, 2018 and a special resolution passed by our Shareholders on April 30, 2018. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Further, pursuant to the master directions on foreign investments in India, issued by RBI dated January 4, 2018, as last amended on April 6, 2018, the investments made by a SEBI registered FPI in a listed Indian company will be re-classified as FDI, if the total shareholding increases to more than 10% of the total paid-up equity capital on a fully diluted basis or 10% or more of the paid-up value of each series of debentures or preference shares or warrants.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The SEBI FVCI Regulations and the SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF or FVCI registered with SEBI in any company should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders and the BRLMs will not be responsible for any loss, incurred by the Bidder on account of conversion of foreign currency

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Investor Selling Shareholders reserve the right to reject any Bid without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by Systemically Important NBFCs

In case of Bids made by systemically important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) such other approval as may be required by the systemically important NBFCs are required to be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason.

The investment limit for systemically important NBFCs shall be as prescribed by RBI from time to time.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (the "**IRDA Investment Regulations**"), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs (including FIIs), AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the Investor Selling Shareholders, in consultation with BRLMs, may deem fit.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Bids by Anchor Investors

For further information in relation to Bids by Anchor Investors, see the section entitled "***– Part B – General Information Document for Investing in Public Issues***" on page 502.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders reserve the right to reject any Bid, without assigning any reason therefor.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation or as specified in this Draft Red Herring Prospectus.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] edition of [●] (a widely circulated English national daily newspaper), [●] edition of [●] (a widely circulated Hindi national daily newspaper) and [●] edition of [●] (a widely circulated Tamil national daily newspaper), Tamil being the regional language in Coimbatore where our Registered and Corporate Office is located). Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

The Equity Shares have not been, and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within 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 and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalization of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialized form only;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

6. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form;

7. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;

12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Except for Bids (i) on behalf of the Central Government or state governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the state government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

14. Ensure that the Demographic Details are updated, true and correct in all respects;

15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

16. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

17. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;

18. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

19. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form

is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

20. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

21. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

22. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with;

23. Bids by Eligible NRIs and Category III FPIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary

4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

6. Anchor Investors should not Bid through the ASBA process

7. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;

8. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

9. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);

10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer/Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus

11. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

12. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date

13. Instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

14. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Investors);

15. Do not submit the General Index Register (GIR) number instead of the PAN;

16. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

17. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;

18. Do not submit more than five Bid cum Application Forms per ASBA Account;

19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;

20. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

21. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise; and

22. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Anchor Escrow Accounts

Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Anchor Escrow Accounts should be drawn in favour of:

(i) In case of resident Anchor Investors: "[●]"

(ii) In case of non-resident Anchor Investors: "[●]"

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated May 24, 2018 amongst NSDL, our Company and the Registrar to the Offer.

- Agreement dated May 16, 2018 amongst CDSL, our Company and Registrar to the Offer.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) ***makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

(c) ***otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,***

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Company

Our Company undertakes the following:

(i) that the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) if Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders at the rate of 15% *per annum* for the delayed period;

(iii) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges within six Working Days of the Bid/Offer Closing Date;

(iv) that funds required for making refunds to unsuccessful applicants, as per the mode(s) disclosed, shall be made available to the Registrar to the Offer by our Company;

(v) where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Offer Closing Date, or such time period as specified by SEBI, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vi) that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription, etc.;

(vii) that if our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall also be informed promptly;

(viii) that if our Company withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with the SEBI, in the event our Company or the Investor Selling Shareholders subsequently decides to proceed with the Offer;

(ix) that the allotment of securities/refund confirmation to Eligible NRIs shall be dispatched within specified time;

(x) that adequate arrangements shall be made to collect all Bid cum Application Forms;

(xi) that our Company shall not have recourse to the proceeds of the Fresh Issue until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges has been received; and

(xii) that the Promoter's Contribution in full, wherever required, shall be brought in advance before the Offer Opening Date and the balance, if any, shall be brought in pro rata basis before the calls are made on public.

Undertakings by the Selling Shareholders

Each Selling Shareholder, severally and not jointly, specifically confirms and undertakes the following in respect of itself and its respective portion of the Offered Shares:

(i) its respective portion of the Offered Shares are free and clear of any encumbrances and shall be transferred to the Bidders within the time specified under applicable law;

(ii) it is the legal and beneficial holder and have full title to their respective portion of the Offered Shares;

(iii) its respective portion of the Offered Shares are fully paid and shall be in dematerialized form prior to filing of the Red Herring Prospectus;

(iv) its respective portion of the Offered Shares are eligible to be offered for sale pursuant to the Offer as per the provisions of Regulation 26(6) of the SEBI ICDR Regulation; and

(v) it will not have recourse to the proceeds of the Offer for Sale which shall be held in escrow in its favour, until receipt by our Company of the final listing and trading approvals from all the Stock Exchanges in accordance with applicable law.

Utilization of Net Proceeds

Our Board certifies that:

(i) all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013;

(ii) details of all monies utilised out of the Fresh Issue referred to in sub item (i) shall be disclosed and continue to be disclosed until the time any part of the Net Proceeds remains unutilised, under an appropriate separate head in the balance-sheet of the Issuer indicating the purpose for which such monies had been utilised; and

(iii) details of all unutilised monies out of the Fresh Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

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PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus (the "**RHP**")/Prospectus filed by the Issuer with the Registrar of Companies (the "**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act 2013 (to the extent notified and in effect), the Companies Act 1956 (to the extent applicable), the SCRR, industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process (the "**Book Built Offer**") or undertake a Fixed Price Offer (the "**Fixed Price Offer**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Offer) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Offer) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-offer advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Offer or a Fixed Price Offer.

2.5 OFFER PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Offer, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

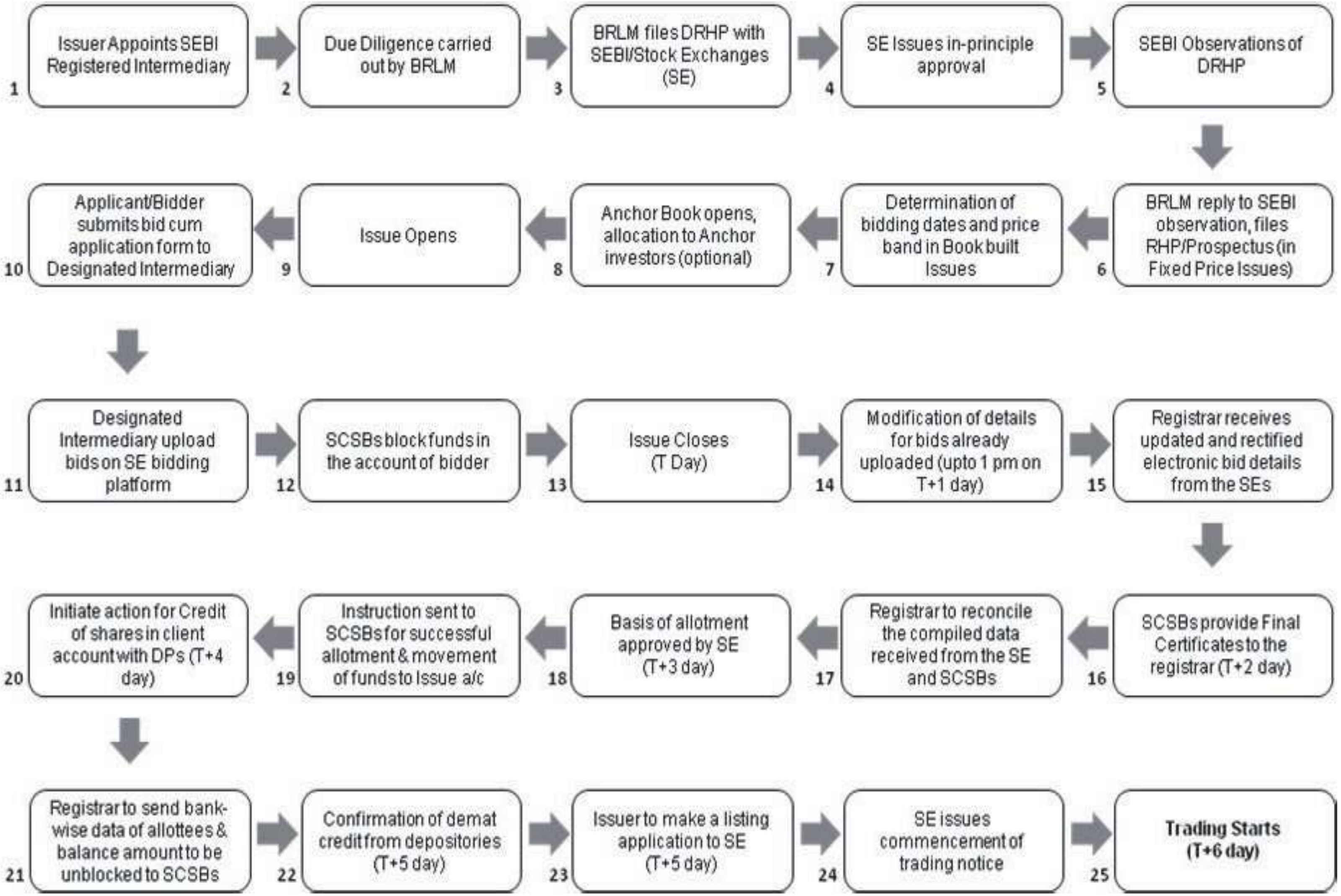
2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Offer other than Book Build Offer (Fixed Price Offer) the process at the following of the below mentioned steps shall be read as:

    i. Step 7 : Determination of Offer Date and Price

    ii. Step 10: Applicant submits Bid cum Application Form with Designated Intermediaries.


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 SCSBs block funds in the account of bidder
13 Issue Closes (T Day)
14 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
15 Registrar receives updated and rectified electronic bid details from the SEs
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to hold and invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FPIs registered with SEBI, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals Bidding only under the Non-Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares; Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE ISSUE

Book Built Offer: Bidders should only use the specified Bid cum Application Form bearing stamp of a Designated Intermediary as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the

Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further information regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus. For Anchor Investors, Bid cum Application Forms shall be available at the offices of the BRLM.

Fixed Price Offer: Applicants should only use the specified Bid cum Application Form bearing the stamp of the Designated Intermediary as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further information regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in accordance with Section 29 of the Companies Act 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form – For Residents

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No............	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✔ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

- ☐ Individual(s) - IND
- ☐ Hindu Undivided Family* - HUF
- ☐ Bodies Corporate - CO
- ☐ Banks & Financial Institutions - FI
- ☐ Mutual Funds - MF
- ☐ Non-Resident Indians - NRI (Non-Repatriation basis)
- ☐ National Investment Fund - NIF
- ☐ Insurance Funds - IF
- ☐ Insurance Companies - IC
- ☐ Venture Capital Funds - VCF
- ☐ Alternative Investment Funds - AIF
- ☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS | PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

ASBA Bank A/c No.

Bank & Branch

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Application Form – For Non – Residents

COMMON BID CUM APPLICATION FORM | XYZ LIMITED - INITIAL PUBLIC ISSUE - NR | FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

Address : .... Contact Details: .... CIN No ....

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

6. INVESTOR STATUS

- NRI Non-Resident Indian(s) (Repatriation basis)
- FII FII or Sub-account not a Corporate/Foreign Individual
- FIISA FII Sub-account Corporate/Individual
- FVCI Foreign Venture Capital Investor
- FPI Foreign Portfolio Investors
- OTH Others (Please Specify)

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8 7 6 5 4 3 2 1	Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

- ☐ Retail Individual Bidder
- ☐ Non-Institutional Bidder
- ☐ QIB

7. PAYMENT DETAILS | PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO | XYZ LIMITED INITIAL PUBLIC ISSUE - NR | Acknowledgement Slip for Broker/SCSB/ DP/RTA | Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures) | Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications(including letters notifying the unblocking of the bank accounts of Bidders (other than Anchor Investors) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013 which is reproduced below:

"*Any person who:*

(d) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(e) 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

(f) 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 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central Government or state governments, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim (the "**PAN Exempted Bidders/Applicants**"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for any correspondence(s) related to an Offer.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer and and the Investor Selling Shareholders, in consultation with the BRLM, may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise or withdraw their bids until Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Offer size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e)).

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5 : CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorization provided in the Bid cum Application Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) RIIs who Bid at Cut-off price shall be blocked on the Cap Price.

(c) All Bidders (other than Anchor Investors) can participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, cheque, demand draft, through money order or through postal order.

4.1.7.1. **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by RTGS or NEFT.

(c) The Escrow Collection Bank(s) shall maintain the monies in the Anchor Escrow Accounts for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2. **Payment instructions for Bidders (other than Anchor Investors)**

(a) Bidders may submit the Bid cum Application Form either

i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

ii. in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) **Bidders bidding through Designated Intermediaries** other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

(h) **Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.1.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, (iv) the amount to be unblocked, if any, in case of partial allotments and (v) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.2 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the Acknowledgment slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form.

(b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, unblocking of funds, the Bidders/Applicants should contact the Registrar to the Offer.

ii. In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Designated Intermediary, the Bidders/Applicants should contact the relevant Designated Intermediary.

v. Bidder/Applicant may contact our Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Offer.

(c) The following details (as applicable) should be quoted while making any queries –

i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.

ii. name and address of the Designated Intermediary, where the Bid was submitted or

iii. Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

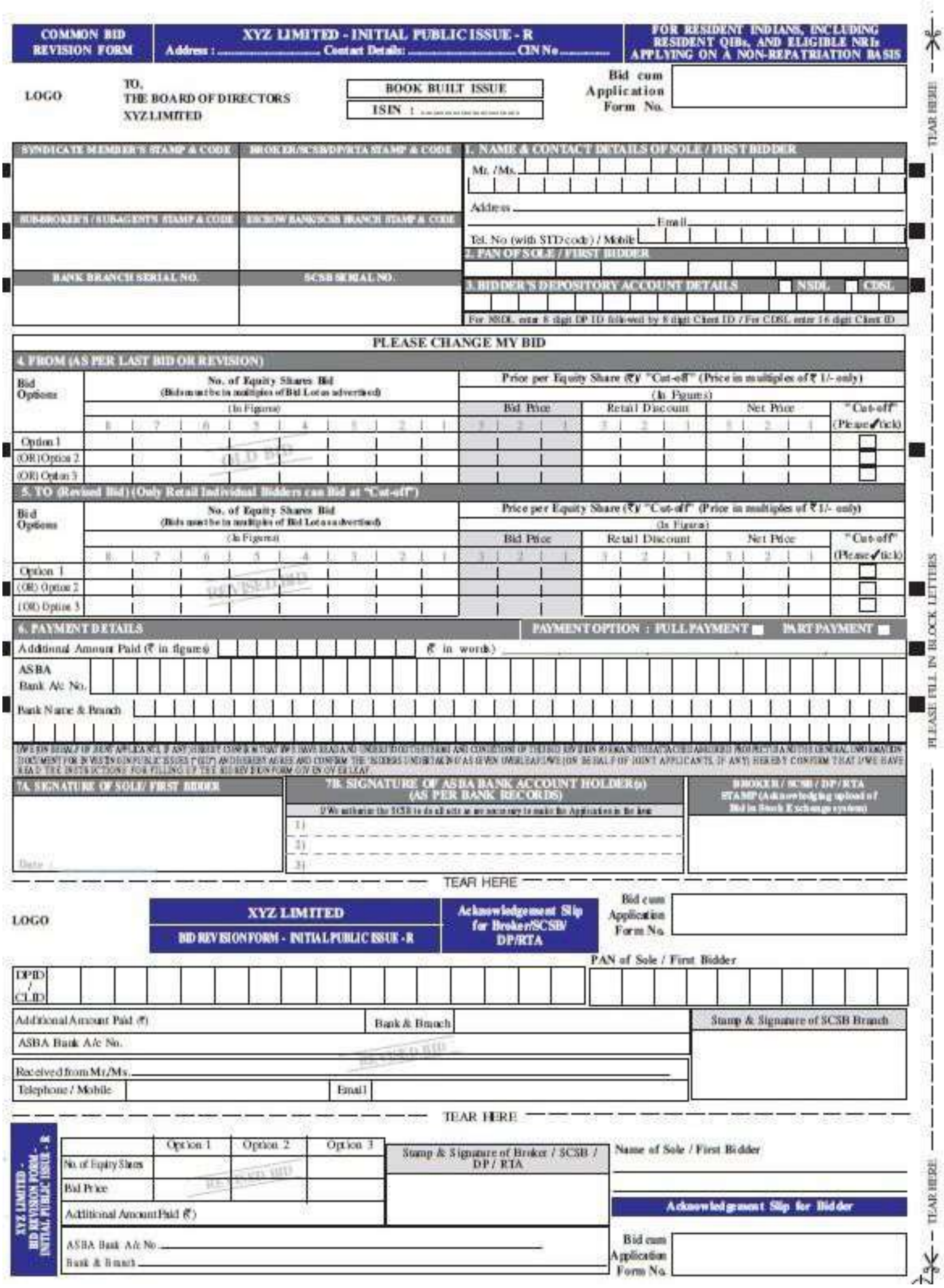
(a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their Bids or withdraw their bids until Bid/Offer Closing date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:


COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2	OLD BID				
(OR) Option 3					

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2	REVISED BID				
(OR) Option 3					

6. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

Date :

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹)

Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. In case of revision of Bids by Eligible Employees, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 500,000. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000.

(d) In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding will be unblocked.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorize blocking of the full Bid Amount (less Discount (if applicable) at the time of submitting the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant, Bidder/Applicant may Offer instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e. original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that no additional amount is required for blocking Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer and the Investor Selling Shareholders, in consultation with the Lead Manager to the Offer (LM), may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000. Applications by Eligible Employees must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 500,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Offer portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Offer

(b) Application Amount cannot be paid in cash, cheques or demand drafts through money order or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

(a) Applicants may submit the Application Form in physical mode to the Designated Intermediaries.

(b) Applicants must specify only such Bank Account number maintained with the SCSB in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorised the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.2 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Application to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Offer may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Offer Closing Date.

4.3.5.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Offer, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/REVISION FORM/APPLICATION FORM

4.4.1 **Bidders/Applicants may submit completed Bid cum Application form/Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form
All Applications (other than Anchor Investors)	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the Collecting RTAs at the Designated RTA Locations or the CDPs at the Designated CDP Locations (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

SECTION 5: OFFER PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Offer Period, ASBA Bidders/Applicants may approach any of the Designated Intermediary to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager to register their Bid.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalization of basis of Allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to

i. the Bids accepted by the Designated Intermediary;

ii. the Bids uploaded by the Designated Intermediary; and

iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

(b) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;

(c) Bids/Applications by OCBs;

(d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(h) Bids/Applications by persons in the United States;

(i) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(j) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central Government or state governments and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(k) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(l) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(m) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(n) Bids/Applications at Cut-off Price by NIIs and QIBs;

(o) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(p) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(q) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Offer

Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(u) Bank account mentioned in the Bid cum Application Form may not be an account maintained by SCSB. Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

(v) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Anchor Escrow Bank;

(w) Where no confirmation is received from SCSB for blocking of funds;

(x) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(y) Bid cum Application Form submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Anchor Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(z) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(aa) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

(b) Under-subscription in any category (except QIB category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and the Investor Selling Shareholders, in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Net Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of equity shares is the price at which the book cuts off, i.e. ₹ 22.00 in the above example. The Issuer and the Investor Selling Shareholders, in consultation with the book running lead managers, may finalise the Offer Price at or below such cut-off price, i.e. at or below ₹ 22.00. All bids at or above this Offer Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (the **"Alternate Book Building Process"**).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer. As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (the **"ASBA Account"**). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any, will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot **(the "Maximum RII Allottees"**). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any, and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the Issuer and the Investor Selling Shareholders subject to compliance with the following requirements:

i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;

- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and

- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 250 crores and an additional 10 Anchor Investors for every additional ₹ 250 crores or part thereof, subject to minimum allotment of ₹ 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer and the Investor Selling Shareholders in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Offer Price is higher than the Anchor Investor Offer Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer and the Investor Selling Shareholders may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Anchor Escrow Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Anchor Escrow Accounts, as per the terms of the Cash Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Cash Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the Bid/Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within six Working Days of the Bid/Offer Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act 2013, the Issuer may be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith may take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not refunded to Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, as applicable, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. This is further subject to the compliance with Rule 19(2)(b) of the SCRR. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer, the balance subscription in the Offer will be first met through the Equity Shares offered pursuant to the Offer for Sale on a pro-rata basis in a manner proportionate to the respective portion of the Offered Shares of each Selling Shareholder and subsequently, the balance part of the Fresh Issue.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of prescribed time period under applicable laws, be jointly and severally liable to repay the money, with interest at the rate of 15% *per annum* in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

1. **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

2. **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

3. In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Bid cum Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any

losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

i. **NACH–** National Automated Clearing House, which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the 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;

ii. **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine- digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

iii. **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and

iv. **RTGS**—Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹ 0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Investor's bank which can be mapped with the RBI data to obtain the corresponding IFSC. Charges, if any, levied by the Anchor Escrow Bank for the same would be borne by our Company. Charges, if any, levied by the Anchor Investor's bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders/Applicants may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% *per annum* if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working Days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% *per annum* for any delay beyond 15 days from the Bid/Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned herein below and the description ascribed to such term in this Draft Red Herring Prospectus, the description as ascribed to such term in this Draft Red Herring Prospectus shall prevail.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer and the Investor Selling Shareholders in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Offer
Application Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
Banker(s) to the Offer/Anchor Escrow Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Anchor Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may 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. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Period

Term	Description
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collecting Registrar and Share Transfer Agents or Collecting RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by the Issuer and the Investor Selling Shareholders in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which the funds from the Escrow Accounts are transferred to the Public Offer Account or the Refund Account(s), as appropriate, and the relevant amounts blocked by the SCSBs are transferred from the ASBA Accounts, to the Public Offer Account and/or are unblocked, as applicable, in terms of the Red Herring Prospectus, after the Prospectus is filed with the RoC
Designated Intermediaries /Collecting Agent	Syndicate Members, sub-syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and Collecting RTAs, who are authorised to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the Collecting RTAs where Bidders can submit the Bid cum Application Forms to Collecting RTAs.

Term	Description
	The details of such Designated RTA Locations, along with names and contact details of the Collecting RTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoter and immediate relatives of the promoter. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Anchor Escrow Accounts	Accounts opened with the Anchor Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Cash Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Anchor Escrow Bank and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Anchor Escrow Bank	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Offer/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)

Term	Description
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer and the Investor Selling Shareholders in consultation with the Book Running Lead Manager(s)
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Offer. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer and the Investor Selling Shareholders in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer and the Investor Selling Shareholders in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the Anchor Escrow Accounts and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations

Term	Description
Retail Individual Investors/RIIs	Investors who applies or bids for a value of not more than ₹ 200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with the SEBI which offers the facility of ASBA and the list of which is available on the website of the http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Any day, other than Saturdays or Sundays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Bid/Offer Opening Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all trading days excluding Sundays and bank holidays in India in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association. Pursuant to Schedule I of the Companies Act 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

*(*Change of Status from Private to Public approved by special resolution passed at the Extra Ordinary General Meeting held on 30/04/2018)*

The Articles of Association of the Company comprise two parts, Part A and Part B. Upon the commencement of listing of the equity shares of the Company on any recognised stock exchange in India pursuant to an initial public offering of the equity shares of the Company, Part B shall automatically stand deleted, not have any force and be deemed to be removed from the Articles of Association and the provisions of the Part A shall automatically come in effect and be in force, without any further corporate or other action by the Company or its shareholders.

Part A**

*******The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the Extraordinary general meeting of the Company held on 30th April,2018 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.*

APPLICATION			
1	(1)	The regulations contained in the Table marked 'F' in Schedule I to the Act shall apply to the Company, except in so far as the same has been adopted, modified or expressly mentioned as 'not being applicable' in these Articles.	Table 'F' to apply to the extent not adopted or modified in these Articles
	(2)	Articles shall act as the regulations for the management of the Company and for the observance by its members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of, or addition to, its Articles by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles, unless the same are repugnant or contrary to the provisions of the Act or any Applicable Law or any amendment or notification thereto.	Company to be governed by these Articles
DEFINITIONS AND INTERPRETATION			
2	(1)	In these Articles:	
		(a) "Act" means The Companies Act, 2013 (including the relevant rules framed thereunder) or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.	"Act"
		(b) "Applicable Laws" means all applicable statutes, laws, ordinances, rules and regulations, judgments, notifications circulars, orders, decrees, bye-laws, guidelines, or any decision, or determination, or any interpretation, policy or administration, having the force of law, including but not limited to, any authorization by any authority like Ministry of Corporate Affairs, Securities Exchange Board of India or any other regulatory body, in each case, as may be applicable to the Company and being in effect from time to time.	"Applicable Laws"
		(c) "Articles" means these articles of association of the Company as altered or supplemented from time to time in pursuance of the provisions of the Act.	"Articles"
		(d) "Board of Directors" or "Board", in relation to a company, means the collective body of the directors of the Company.	"Board of Directors" or "Board"
		(e) "Company" means Craftsman Automation Limited.	"Company"
		(f) "Electronic Mode" means electronic medium of communication including video conferencing or other audio- visual means or other electronic communication facility capable of being recorded, as may be applicable.	''Electronic mode''

		(g) "Investor Shares" are those shares subscribed to and held by IFC and Marina (Originally SCPE subscribed shares) on fully diluted basis taking into account shares arising from bonus, split or sub-division of shares. For the purpose of this definition, IFC and Marina shall be collectively referred to as the "Investors" and individually as the "Investor". Post Listing, any acquisition of shares by the Investors will not be reckoned as Investor Shares.	''Investor Shares'' and ''Investor''
		(h) "Key Managerial Personnel" in relation to a company, means - (i) the Chief Executive Officer or the managing director or the manager; (ii) the company secretary; (iii) the whole-time director; (iv) the Chief Financial Officer (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and (vi) such other officer as may be prescribed	"Key Managerial Personnel"
		(i) "Listing" means listing of the equity shares of the Company on any recognised stock exchange in India pursuant to an initial public offering of the equity shares of the Company	" Listing"
		(j) "Memorandum" means the Memorandum of Association of the Company.	"Memorandum"
		(k) "Share" means a share in the share capital of a company and includes stock.	''Share''
		(l) "Securities" means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956).	''Securities''
	(2)	Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender.	"Number" and "Gender"
	(3)	The terms "writing" or "written" include printing, typewriting, lithography, photography and any other mode or modes (including electronic mode) of representing or reproducing words in a legible and non-transitory form.	"Writing" or "Written"
	(4)	Unless the context otherwise requires, the words or expressions contained in these Articles, but not defined herein shall bear the same meaning as in the Act or any statutory modification, as the case may be, if not inconsistent with the subject or context of these Articles.	Expressions in the Articles to bear the same meaning as in the Act.
	(5)	The marginal notes are inserted for convenience and shall not affect the construction of these Articles.	Insertion of Marginal Notes.
		SHARE CAPITAL, SECURITIES AND VARIATION OF RIGHTS	
3	(1)	Subject to the provisions of the Act, these Articles, SEBI Guidelines and other statutory provisions, if and where applicable, shares, depository receipts, debentures and other securities that the company may propose to issue from time to time shall be under the control of the Board of Directors who may allot the same to such persons, on such terms and conditions, and either at a premium or at par, in such proportion and at such time as the Board may, from time to time, think fit.	**Shares, Depository Receipts, Debentures and other Securities shall be under the control of Board.**
	(2)	(a) The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other Applicable Laws: (i) Equity Share capital with voting rights and / or	**Kinds of Share Capital**

		(ii) Equity Share capital with differential rights as to dividend, voting or otherwise in accordance with the Rules; and (iii) Preference share capital	
	(3)	The Authorized share capital of the Company shall be such amount and of such description as is stated for the time being in Clause V of the Memorandum of Association.	Authorised Share Capital as stated in Memorandum
	(4)	The Company shall have the power to issue any shares of the original capital or any new capital, increase, reclassify, subdivide [by apportioning the right to participate in profits, in any manner as between the shares resulting from sub-division], consolidate the capital into several classes from time to time and to attach thereto, respectively, such preferential, deferred, qualified or special rights, privileges or conditions with voting rights or with differential rights as to dividend, voting or otherwise in accordance with the provisions of the Act.	Rights associated with Authorised Share Capital
	(5)	Subject to section 55 and other provisions of the Act, the Company shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act. The redemption of preference shares shall be made only out of profits of the company which would otherwise be available for distribution for dividend and premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed.	Power to issue redeemable preference shares
	(6)	Where at any time, the Company proposes to increase its subscribed capital by issue of further shares, either out of the unissued capital or the increased share capital, such shares shall be offered: (a) to persons who, at the date of offer, are holders of Equity Shares of the Company, in proportion as near as circumstances admit, to the share capital paid up on those shares by sending a letter of offer on the following conditions: - (i) the aforesaid offer shall be made by a notice specifying the number of shares offered and limiting a time prescribed under the Act from the date of the offer within which the offer, if not accepted, will be deemed to have been declined (ii) the aforementioned offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice mentioned in sub-Article (i), above shall contain a statement of this right; and (iii) after the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the shareholders and the Company; or (b) to employees under any scheme of employees' stock option, subject to a special resolution passed by the Company and subject to the conditions as specified under the Act and Rules thereunder-r; or (c) to any persons, if it is authorized by a special resolution passed by the Company in a General Meeting, whether or not those persons include the persons referred to in clause (a) or clause (b) above, either for cash or for consideration other than cash, subject to applicable provisions of the Act and Rules thereunder.	Further issue of Share Capital
	(7)	Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares in the Company, or to subscribe to the shares in the Company, provided the terms of issue of such debentures or loan containing such an option have been approved before	Increase of Subscribed capital in case of exercise of option as a term attached to debentures

		the issue of such debenture or the raising of loan by a resolution passed by the Company in general meeting as prescribed by the Act.	
	(8)	A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.	Mode of further issue of shares
	(9)	The Board may issue, allot or otherwise dispose shares in the capital of the Company as per the provisions of Section 62 of the Act, on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up and may be for a consideration otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be, provided that the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting. The Board may also allot shares to the employees or directors of the Company as sweat equity as per Section 54 of the Act or in the form of Share Based Employee Benefits as per the provisions of Applicable laws.	Board may allot shares for consideration otherwise than for cash
	(10)	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.	Issue of further shares not to affect rights of existing members
	(11)	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.	Variation of Members' Rights
	(12)	Subject to the applicable provisions of Section 71 of the Act, and rules thereunder, and other Applicable Laws, any debentures, debenture-stock or other securities may be issued on such terms as the Board may think fit, whether secured or otherwise, including debt securities convertible into shares and such terms and conditions may provide for redemption, surrender, drawing, allotment of shares and attending (but not voting), transfer, transmission, appointment of nominee directors, etc at a general meeting.	Terms of issue of debentures
	(13)	Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in a general meeting by resolution to be passed as prescribed under the Act and compliance of provisions of other applicable laws.	Option to convert Debt to Share capital
	(14)	The company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.	Payment of Commissions to any person in connection with the subscription to its securities
	(15)	The rate or amount of the commission shall not exceed the rate or amount prescribed in the rules made under sub-section (6) of Section 40.	Rate of commission in accordance with Rules
	(16)	The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.	Mode of payment of commission
		ALTERATION OF SHARE CAPITAL	
4	(1)	(a) Subject to the provisions of Section 61 of the Act, the Company may, by resolution prescribed in the Act – (i) increase the share capital by such amount as it thinks expedient	Power to alter share capital

		(ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the manner prescribed in the Act; (iii) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (iv) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; (v) cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.	
	(2)	(a) The Company may, by resolution or consent as prescribed by the Act, reduce in any manner – (i) its share capital; and/or (ii) any capital redemption reserve account; and/or (iii) any securities premium account; and/or (iv) any other reserve in the nature of share capital.	Reduction of capital
	(3)	Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act [Sections 68 to 70] or any other Applicable Laws for the time being in force, the Company may purchase its own shares or other specified securities.	Buy-back of shares
		DEMATERIALISATION OF SECURITIES	
5	(1)	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/or to issue, offer fresh Securities in a dematerialized form or hold existing securities and the certificates in respect thereof in dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any. In such event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996.	Shares and securities may be held in dematerialized form.
	(2)	All Securities held by a Depository shall be dematerialized and be held in fungible form.	Dematerialized securities held in fungible form
	(3)	If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.	Option to opt for dematerialization by a person
	(4)	(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner. (b) Save as otherwise provided in (a) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it. (c) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.	Rights of Depositories & Beneficial Owners

		(d) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.	
	(5)	Except as ordered by a court of competent jurisdiction or as may be required by Law and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof.	Treatment as Beneficial Owner of shares
	(6)	The Company shall cause the Depository to keep a Register and Index of Beneficial Owners with details of shares and debentures held in dematerialized forms in any media as may be permitted by Law including any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of members for the purposes of this Act.	Register and Index of Beneficial Owners
	(7)	Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.	Service of Documents
	(8)	Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.	Allotment of Securities dealt with in a Depository
	(9)	Subject to compliance with applicable Law, if a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within such prescribed time of the receipt of intimation from a Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.	Option to opt out in respect of any such Security
	(10)	Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.	Cancellation of Certificates upon surrender by Person
	(11)	Except as specifically provided in these Articles, the provisions relating to joint holders of securities, calls, lien, forfeiture, transfer and transmission of securities shall be applicable to securities held in Depository so far as they apply to securities held in physical form subject to the provisions of the Depositories Act.	Provisions of Articles to apply to Securities held in Depository
	(12)	The provisions of the Articles relating to issue of certificates, lien, calls, transfers, transmissions, forfeiture, joint holdings, registers shall mutatis mutandis apply to issue of any securities including debentures, whether in physical mode or in dematerialized form to the extent applicable (except where the Act or applicable laws otherwise requires) for the Company.	Provisions of Articles to apply mutatis mutandis to Securities
SHARE CERTIFICATES			
6	(1)	(a) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the instrument or application for the registration of transfer or transmission, sub-division, consolidation or renewal of shares or within such other period as the conditions of issue shall provide – (i) one or more certificates in marketable lots for all his shares of each class or denomination registered in his name without payment of any charges; or	Issue of Share certificates

		(ii) several certificates, each for one or more of his shares, upon payment of Rupees Twenty for each certificate or such charges as may be fixed by the Board for each certificate after the first. (b) A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository.	
	(2)	Every certificate shall be under the seal and shall specify the shares to which it relates, distinctive numbers of shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Board may prescribe and approve.	Form of Share certificate
	(3)	Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.	Certificate Number and other details of Securities in Depository
	(4)	(a) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to the person first named on the register of members shall be sufficient delivery to all such holders. (b) Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles: (c) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share. (d) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Board may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. (e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share. (f) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders. (g) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof. (h) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.	Issue of Share Certificate in case of joint holding
	(5)	(a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof. (b) No fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.	Issue of new certificate in place of one defaced, lost or destroyed and issue of duplicate share certificate.

		(i) Every new certificate issued under this Article otherwise than as stipulated above shall be issued on payment of fees not less than Rupees twenty and not more than Rupees fifty for each certificate as may be fixed by the Board from time to time. The Board shall also have the discretion to not charge any fees for this purpose. (ii) Duplicate share certificate shall be issued in lieu of those that are lost or destroyed, with prior consent of the Board and without payment of the fee stated above on such reasonable terms, such as furnishing supporting evidence and indemnity as the Board deems adequate.	
	(6)	To accept from any member, as far as may be permissible by the Board, surrender of his shares or part thereof, on such terms and conditions as shall be agreed.	Surrender of Shares
	(7)	Except as required by Applicable Laws, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by Applicable Laws) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.	Holding of shares upon trust
		NOMINATION	
7	(1)	Any person whose name is entered in the relevant register as a member of the Company or as a debenture holder may, if he so desires, nominate another person to whom the shares or debentures held by him shall vest on his death.	Facility of nomination
	(2)	Where the nominee is a minor, it shall be lawful for the holder of the securities, making the nomination to appoint, in the prescribed manner, any person to become entitled to the securities of the company, in the event of the death of the nominee during his minority.	Minor as Nominee
	(3)	Such nomination may be revoked at any time and the member may make fresh nomination if he so desires.	Revocation of nomination
	(4)	The nomination must be made in accordance with the provisions of the Act.	Compliance of law
	(5)	If the shares or debentures are held in joint names, all the joint holders, shall jointly, nominate a person to whom the shares or debentures shall vest on the death of all the joint holders. Otherwise the nomination shall be liable to be rejected.	Nomination and joint holding
	(6)	Any person who becomes entitled to shares or debentures due to any nomination in his favour may, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either (a) to be registered himself as holder of the share or debenture, as the case may be; or (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder could have made.	Rights of nominee
		CALLS ON SHARES	
8	(1)	(a) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. (b) Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.	Board may make Calls
	(2)	All calls shall be made on a uniform basis on all shares falling under the same class. ***Explanation*:** Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.	Calls on shares of same class to be on uniform basis

	(3)	Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.	Notice of call
	(4)	A call may be revoked or postponed at the discretion of the Board.	Revocation or postponement of call
	(5)	A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.	Call to take effect from date of resolution
	(6)	If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, then every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.	Instalments on shares to be duly paid
	(7)	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	Liability of joint holders of shares
	(8)	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the "due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate not higher than 10% per annum, as may be fixed by the Board.	When interest on call or instalment payable
	(9)	The Board shall be at liberty to waive payment of any such interest wholly or in part.	Board may waive interest
	(10)	Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.	Sums deemed to be calls
	(11)	In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.	Effect of non-payment of sums
	(12)	(a) The Board, (i) may, if it thinks fit, subject to the provisions of the Act, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and (ii) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding 12% per annum as may be fixed by the Board, unless the company in general meeting directs otherwise; as may be agreed upon between the Board and member paying the sum in advance. (b) Nothing contained in this clause shall confer on the member, (i) any right to participate in profits or dividends or (ii) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him. (c) The Directors may at any time repay the amount so advanced.	Payment in anticipation of calls may carry interest
		FORFEITURE OF SHARES	
9	(1)	If a member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.	If call or instalment not paid notice must be given
	(2)	The notice aforesaid shall,	Form of notice

		(i) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and (ii) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.	
	(3)	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.	In default of payment of shares to be forfeited
	(4)	When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members.	Entry of forfeiture in register of members
	(5)	The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.	Effect of forfeiture
	(6)	A forfeited share may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.	Forfeited shares may be sold, etc.
	(7)	At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.	Cancellation of forfeiture
	(8)	A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.	Members still liable to pay money owing at the time of forfeiture
	(9)	The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.	Cesser of liability
	(10)	A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.	Certificate of forfeiture
	(11)	The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.	Title of purchaser and transferee of forfeited shares
	(12)	The transferee shall thereupon be registered as the holder of the share.	Transferee to be registered as holder
	(13)	The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.	Transferee not affected
	(14)	Upon any sale after forfeiture or for enforcing a Lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser’s name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.	Validity of sale
	(15)	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.	Cancellation of share certificate in respect of forfeited shares

	(16)	The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.	Sums deemed to be calls
		TRANSFER OF SHARES OR OTHER SECURITIES	
10	(1)	A proper instrument of transfer shall be used and the instrument of transfer of any share or other securities in the Company shall be in writing which shall be duly executed by or on behalf of both the transferor and transferee and the instrument shall be duly stamped, dated and executed and shall be in compliance of all provisions of section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares or other securities and registration thereof. The instrument for transfer properly executed should be delivered to the Company within a period of sixty days from the date of execution along with the certificate relating to the shares or other securities.	Instrument of transfer to be executed by transferor and transferee
	(2)	The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.	Entry of transfer in the Register or Members
	(3)	The Board may, subject to the right of appeal conferred by the Section 58 of the Act decline to register, (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or (b) any transfer of shares on which the Company has a Lien.	Board may refuse to register transfer
	(4)	The Board may decline to recognise any instrument of transfer unless- (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under sub-section (1) of Section 56 of the Act; (b) the instrument of transfer is accompanied by the certificate of the shares or other securities to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares or other securities. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.	Board may decline to recognize instrument of transfer
	(5)	No transfer shall be made to a minor or person of unsound mind except as required by law.	No Transfer to Minor
	(6)	On giving of previous notice of at least seven days or period in accordance with Section 91 of the Act and Rules made there under, the registration of transfers may not be suspended for more than thirty days at any one time or for more than forty five days in the aggregate in any year.	Transfer of shares when suspended
	(7)	The Company shall within thirty days from the date on which the instrument of transfer was delivered to Company, or such other period as may be prescribed by the Act, send notice of the refusal to the transferee and the transferor giving reasons for such refusal.	Notice of refusal to register transfer
		TRANSMISSION OF SHARES OR OTHER SECURITIES	
11	(1)	On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares or other securities.	Title to shares or other securities on death of a member
	(2)	Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share or other securities which had been jointly held by him with other persons.	Estate of deceased member liable

<table>
<tr><td></td><td>(3)</td><td>Any person becoming entitled to a share or other securities in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either –

(a) to be registered himself as holder of the share or other securities; or

(b) to make such transfer of the share or other securities as the deceased or insolvent member could have made.</td><td>Transmission Clause</td></tr>
<tr><td></td><td>(4)</td><td>The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share or other securities before his death or insolvency.</td><td>Board's right unaffected</td></tr>
<tr><td></td><td>(5)</td><td>If the person so becoming entitled shall elect to be registered as holder of the share or other securities himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.</td><td>Right to election of holder of share or other securities</td></tr>
<tr><td></td><td>(6)</td><td>If the person aforesaid shall elect to transfer the share or other securities, he shall testify his election by executing a transfer of the share or other securities.</td><td>Manner of testifying election</td></tr>
<tr><td></td><td>(7)</td><td>All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares or other securities shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.</td><td>Limitations applicable to notice</td></tr>
<tr><td></td><td>(8)</td><td>(a) A person becoming entitled to a share or other securities by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or other securities, except that he shall not, before being registered as a member in respect of the share or other securities, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

(b) Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or other securities, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or other securities, until the requirements of the notice have been complied with.</td><td>Claimant to be entitled to same advantage</td></tr>
<tr><td></td><td>(9)</td><td>No fee shall be charged for registration of transfer, transmission, probate, succession, certificate and letter of administration, certificate of death or marriage, power of attorney or similar other documents.</td><td>No fee for transfer or transmission</td></tr>
<tr><td colspan="4">LIEN ON SHARES</td></tr>
<tr><td>12</td><td>(1)</td><td>(a) The Company shall have a first and paramount Lien-

(i) on every share (not being a fully paid share) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(ii) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company.

(b) Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

(c) Provided further that the fully paid up shares shall be free from all lien.</td><td>Company's lien on shares</td></tr>
<tr><td></td><td>(2)</td><td>The Company's Lien, if any, on a share shall extend to all dividends payable and bonus shares issued from time to time in respect of such shares.</td><td>Lien to extend to dividends, etc.</td></tr>
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	(3)	Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's Lien.	Waiver of Lien in case of registration
	(4)	(a) The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a Lien. Provided that no sale shall be made— (i) unless a sum in respect of which the Lien exists is presently payable; or (ii) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the Lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.	As to enforcing Lien by sale
	(5)	To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.	Validity of sale
	(6)	The purchaser shall be registered as the holder of the shares comprised in any such transfer.	Purchaser to be registered holder
	(7)	The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.	Title to the share
	(8)	The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.	Purchaser not affected by irregularity in proceedings of sale
	(9)	The net proceeds of the sale, after payment of cost of such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the Lien exists as is presently payable and towards satisfaction of the said debts, liabilities or engagements.	Application of proceeds of sale
	(10)	The residue, if any, shall, subject to a like Lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale, member, his heirs, executors, administrators or other legal representatives as the case may be.	Payment of residual proceeds of sale
		CAPITALISATION OF PROFITS	
13	(1)	(a) The Company in general meeting may, upon the recommendation of the Board, resolve (i) that it is desirable to capitalise any part of the amount for the time being available in the Company's free reserve accounts, securities premium and capital redemption reserve; but excluding revaluation reserves, and (ii) that such sum be accordingly set free for distribution in the manner specified in Article 13 (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.	Capitalisation of Profits
	(2)	(a) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 13(3) below, either in or towards: (i) paying up any amounts for the time being unpaid on any shares held by such members respectively in accordance with their respective rights and interests and in proportion to the amounts paid or credited as paid up thereon, of paid-up shares, debentures, debenture-stock bonds or other obligations of the Company; (ii) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;	Sum how applied

		(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii) above.	
	(3)	A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.	Issue of Bonus Shares
	(4)	The Board shall give effect to the resolution passed by the Company in pursuance of this Article and issue bonus shares subject to provisions of Section 63.	Power of Board to issue bonus shares
	(5)	Whenever such a resolution as aforesaid shall have been passed, the Board shall- (a) make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and (b) generally do all acts and things required to give effect thereto.	Actions to be completed for capitalisation
	(6)	The Board shall have power - (a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.	Board's power to issue fractional certificate/ coupon etc
	(7)	Any agreement made under such authority shall be effective and binding on such members.	Agreement binding on members
		GENERAL MEETINGS	
14	(1)	All general meetings other than annual general meeting shall be called extraordinary general meeting.	Extraordinary general meeting
	(2)	The Board may, whenever it thinks fit, call an extraordinary general meeting.	Powers of Board to call extraordinary general meeting
		PROCEEDINGS AT GENERAL MEETINGS	
15	(1)	Proceedings at General meetings shall be conducted in accordance with the provisions of the Act and Secretarial Standards.	Conduct of Proceedings
	(2)	A general meeting of a company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in such manner as may be prescribed in the Act and Secretarial Standards.	Notice of Meetings
	(3)	A document or notice may be served or given by the company or given to the joint-holders of a share by serving or giving the document or notice on or to the joint-holders named first in the Register of Members in respect of the share.	Notice to whom served in case of joint shareholders
	(4)	A document or notice may be served or given by the company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through post in a prepaid letter addressed to him or them by name or by the title of representatives of the deceased or assignee of the insolvent or by any like description, at the address if any in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.	Notice to be served to representative

	(5)	The Accidental omission to give notice to or the non receipt – thereof by any member shall not invalidate any resolution passed at any such meeting.	Accidental omission to give notice or non – receipt
	(6)	No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.	Presence of Quorum
	(7)	The quorum for a general meeting shall be as provided in Section 103 of the Act.	Quorum for general meeting
	(8)	If at any meeting no director is willing to act as Chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairman of the meeting.	Members to elect a Chairman
	(9)	No business shall be discussed or transacted at any general meeting except election of Chairman whilst the chair is vacant.	Business confined to election of Chairman whilst chair vacant
	(10)	On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairman shall have a second or casting vote.	Chairman to have casting vote
	(11)	(a) Notwithstanding anything contained elsewhere in these Articles, the Company, *(i) shall, in respect of such items of business as the Central Government may, by notification, declare or which are under any other applicable Law required to be transacted only by means of postal ballot; and* *(ii) may, in respect of any item of business, other than ordinary business and any business in respect of which Directors or auditors have a right to be heard at any meeting, transact by means of postal ballot, in such manner as may be prescribed, instead of transacting such business at a General Meeting.* *(b) If a resolution is assented to by the requisite majority of the Shareholders by means of postal ballot, it shall be deemed to have been duly passed at a General Meeting convened in that behalf.* *(c) Provided that any item of business required to be transacted by means of postal ballot under clause (a), may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section, or as may be stipulated by the Act.*	Resolution by Postal Ballot
	(12)	The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Secretarial Standards.	Minutes of proceedings of meetings and resolutions passed by postal ballot
	(13)	There shall not be included in the minutes any matter which, in the opinion of the Chairman of the meeting, (a) is, or could reasonably be regarded, as defamatory of any person; or (b) is irrelevant or immaterial to the proceedings; or (c) is detrimental to the interests of the Company.	Certain matters not to be included in Minutes

	(14)	The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall (a) be kept at the registered office of the Company; and (b) be open to inspection of any member without charge, during business hours on all working days.	Inspection of minute books of general meeting
	(15)	(a) Any member shall be entitled to obtain a copy of the minutes within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company, on payment of such fees as may be fixed by the Board, which shall not exceed Rs. ten per page or part of any page. (b) In case a Member requests for the copy of the Minutes in electronic form, in respect of any previous General Meetings held during a period immediately preceding three financial years, the company shall furnish the same free of cost.	Members may obtain copy of minutes
		ADJOURNMENT OF GENERAL MEETINGS	
16	(1)	(a) A duly convened Meeting shall not be adjourned unless circumstances so warrant. The Chairman may adjourn the meeting with the consent of members, at which a quorum is present, and shall adjourn a Meeting if so directed by the Members. (b) Meetings shall stand adjourned for want of requisite Quorum. If, at an adjourned Meeting, Quorum is not present within half an hour from the time appointed, the Members present, being not less than two in number, will constitute the Quorum. (c) If a Meeting, other than a requisitioned Meeting, stands adjourned for want of Quorum, the adjourned Meeting shall be held on the same day, in the next week at the same time and place or on such other day, not being a National Holiday, or at such other time and place as may be determined by the Board. If, within half an hour from the time appointed for holding a Meeting called by requisitionists, a Quorum is not present, the Meeting shall stand cancelled. (d) The Chairman may also adjourn a Meeting in the event of disorder or other like causes, when it becomes impossible to conduct the Meeting and complete its business.	Chairman may adjourn the meeting
	(2)	No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.	Business at adjourned meeting
	(3)	When a meeting is adjourned sine die or for a period of thirty days or more, notice of the adjourned meeting shall in accordance with the provisions of Secretarial Standards 2 with respect to conduct of any general meeting.	Notice of adjourned meeting sine die or for 30 day or more
	(4)	If a Meeting is adjourned for a period of less than thirty days, the company shall give not less than three days' Notice specifying the day, date, time and venue of the Meeting, to the Members either individually or by publishing an advertisement in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and in an English newspaper in English language, both having a wide circulation in that district. However, if a Meeting is adjourned for a period not exceeding three days and where an announcement of adjournment has been made at the Meeting itself, giving in the details of day, date, time, venue and business to be transacted at the adjourned Meeting, the company may also opt to give Notice of such adjourned Meeting either individually or by publishing an advertisement, as prescribed in the Secretarial Standards.	Notice of meeting adjourned for a period less than 30 days.
		VOTING RIGHTS	
17	(1)	(a) Subject to the provisions of Section 47, Section 43, sub-section (2) of section 50 and sub-section (1) of section 188 and any rights or restrictions for the time being attached to any class or classes of shares, whether by virtue of terms of issue or otherwise on account of any of the provisions of the Act or rules and other applicable regulations –	Entitlement to voting rights

		(i) every member of a company limited by shares and holding equity share capital therein, shall have a right to vote on every resolution placed before the company; (ii) on a show of hands, every member present in person shall have one vote; and (iii) his voting right on a poll shall be in proportion to his share in the paid-up equity share capital of the company.	
	(2)	A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.	Voting through electronic means
	(3)	In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.	Vote of joint holders
	(4)	For this purpose, seniority shall be determined by the order in which the names stand in the register of members.	Seniority of names
	(5)	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.	Members *non compos mentis*
	(6)	If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.	Voting rights in case of a minor
	(7)	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.	Business may proceed pending poll
	(8)	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of Lien as per Section 106 of the Act. Save as aforesaid, a member may not be entitled to voting rights on certain relations such as those for approving related party transactions as may be necessitated by Applicable laws.	Restriction on voting rights
	(9)	A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.	Restriction on exercise of voting rights in other cases to be void
	(10)	Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.	Equal rights of members
		PROXY	
18	(1)	Any member entitled to attend and vote at a general meeting may do so either personally or through another person as a proxy on his behalf, for that meeting.	Member may vote in person or otherwise
	(2)	The instrument appointing a proxy and the power-of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.	Proxies when to be deposited
	(3)	An instrument appointing a proxy shall be in the form as prescribed in the Rules.	Form of proxy
	(4)	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given.	Proxy to be valid notwithstanding death of the principal

		Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.	
		REPRESENTATION AT MEETINGS	
19	(1)	A body corporate whether a Company within the meaning of the Act or not may, (a) if it is a member of the Company, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. (b) if it is a creditor, including a holder of debentures, of a company within the meaning of this Act, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the company held in pursuance of this Act or of any rules made thereunder, or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.	Representatives of bodies corporate
	(2)	The person authorized by a resolution as aforesaid shall be entitled to exercise the same rights and powers including the right to vote by proxy and by postal ballot, on behalf of the body corporate, which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the company.	Rights and powers of such representatives
		REPRESENTATION AT MEETINGS OTHERWISE THAN STATED ABOVE	
20		Any member of a company may give a power of attorney in favour of some other person to attend the general meetings of the Company, in which case the person so attending the meeting shall not be deemed to be a proxy.	Representation at the meeting through a Power of Attorney
		BOARD OF DIRECTORS	
21	(1)	Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than three and shall not be more than fifteen.	Board of Directors
	(2)	The Directors shall not be required to hold any qualification shares in the Company.	Qualification Shares
	(3)	The Board of Directors shall appoint the Chairman of the Company as Mr Srinivasan Ravi, the Promoter of the Company. On his request in writing or his absence from the company due to any unforeseen reasons, the Board of Directors shall on majority of votes appoint any other person as the Chairman of the Company.	Chairman of the Company
	(4)	The Chairman be permitted to hold the position of both the Chairman of the Board and/or General Meeting as well as Managing Director/Chief Executive Officer position thereof in the Company as per the provisions of Section 203 of the Act or as may be permitted by applicable laws from time to time.	Chairman may hold position of Managing Director /Chief Executive Officer
	(5)	Subject to the provisions of the Act, the Board shall have the power to determine the Directors whose period of office is or is not liable to determination by retirement of directors by rotation. (a) At every annual General Meeting of the Company, two-third of such of the Directors for the time being as are liable to retire by rotation out of which one-third will retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. (b) Subject to Section 152(6)(d) of the Act, the Directors to retire by rotation at every annual General Meeting shall be those who have been longest in office since their last appointment, but as between Persons who become Directors on the same day, those who are to retire, shall, in default of and subject to any agreement amount themselves, be determined by lot. (c) A retiring Director shall be eligible for re-election. (d) Subject to Sections 152(6)(e) and 152(7)(a) of the Act and these Articles, the Company at the General Meeting at which a Director retires in a manner aforesaid may fill up the vacated office by electing a Person thereto;	Directors not liable to retire by rotation

		(i) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place. (ii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, then the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:- a. at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost; b. the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so reappointed; c. he is not qualified or is disqualified for appointment; or d. a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act.	
		APPOINTMENT & CESSATION OF OFFICE	
22	(1)	The Company may by way of a resolution or the Directors may by way of a board resolution, subject to subsequent shareholder approval and the relevant provisions of the Act, from time to time, appoint directors. Their appointment shall cease *ipso facto* if the person concerned vacates his directorship.	Appointment of Directors
	(2)	Subject to the provisions of Section 196 of the Act, the Company may appoint one or more of the Directors to be Managing Director or Whole-time Director or Manager of the Company, for a term not exceeding five years at a time and may, from time to time. Their terms of employment shall be subject to the provisions of any contract entered into between each of them and the Company.	Appointment of Managing Director, Whole time Director(s) or Manager
	(3)	The same individual may, at the same time, be appointed as the Chairman of the Company as well as the Managing Director or Chief Executive Officer of the Company or equivalent position in the Company	Same individual may be Chairman and Managing Director/ Chief Executive Officer
	(4)	Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.	Appointment of additional directors
	(5)	Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.	Duration of office of additional director
	(6)	Subject to the provisions of the Applicable laws, the Board shall appoint such number of directors as Independent Directors, who shall have appropriate experience and qualifications to hold a position of this nature on the Board.	Independent Director
	(7)	(a) If as per the terms of agreement or arrangement in respect of any loan or borrowing by the Company from any Government, bank, finance institution or any body corporate the right is given to the lender for the appointment of a Director or Directors with the power to remove such Director or Directors, in the event of a Director or Directors being appointed or vacating his office by resignation or otherwise then such appointment or resignation shall be supported by the Board notwithstanding anything to the contrary contained in these Articles. (b) The Director or Directors so appointed shall not be liable to retirement by rotation and they will not be taken into account in determining the retirement by rotation of Directors. If the Director or Directors so appointed ceases to be a Director by resignation or otherwise, the reappointment or fresh appointment as the case may be shall be done in accordance with the agreement entered into between the Company and the lender.	Nominee Director / Lender Director

	(8)	Notwithstanding anything contained in these Articles, so long as Marina and IFC individually hold at least 30% of their respective Investor Shares, and adjusted for any sub-division or bonus or adjustment on its respective Investor Shares, each of Marina and IFC shall individually be entitled to nominate one Director respectively on the Board of the Company, subject to the approval of such right of nomination of a Director by the members of the Company by way of a special resolution passed in the first general meeting held post the completion of the initial public offering of the equity shares of the Company.	Investor Director
	(9)	Each Investor may require the removal of the Investor Director nominated by such Investor at any time and shall be entitled to nominate another person as its Investor Director in place of any such Investor Director so removed. In the event of the resignation, retirement or vacation of office of any Investor Director, the Investor appointing such Investor Director shall be entitled [subject to maximum number of directors stipulated in Article 21(1) of these Articles] to nominate another person as in place of such Investor Director, as per the provisions of the Applicable Laws.	Removal or Replacement or Resignation of Investor Directors
	(10)	The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.	Appointment of alternate director
	(11)	An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.	Duration of office of alternate director
	(12)	If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.	Re-appointment provisions applicable to Original Director
	(13)	If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board, which shall be subsequently approved by members in the immediate next general meeting, if required as per the provisions of the Act.	Appointment of director to fill a casual vacancy
	(14)	The director so appointed shall hold office only till the date upto which the director in whose place he is appointed would have held office if it had not been vacated.	Duration of office of Director appointed to fill casual vacancy
	(15)	(a) The office of a Director shall automatically become vacant, if he is disqualified under any of the provisions of the Act or the rules framed thereunder. (b) Further, subject to the provisions of the Act, a Director may resign from his office at any time by giving a notice in writing addressed to the Board and the Company shall intimate the registrar and also place the fact of such resignation in the report of Directors laid in the immediately following General Meeting. Such Director may also forward a copy of his resignation along with detailed reasons for the resignation to the registrar within thirty days of resignation. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later. (c) The Company may, subject to the provisions of Section 169 and other applicable provisions of the Act and these Articles remove any Director before the expiry of his period of office.	Disqualification, Resignation and Removal of Director
		REMUNERATION OF DIRECTORS	
23	(1)	The remuneration of Directors by way of salary and commission shall be in accordance with the provisions of Section 197, Section 198 read with Schedule V and Section 188 of the Act.	Remuneration of Directors
	(2)	Subject to the provisions of these Articles, and the provisions of the Act, if any Director, being willing, shall be called upon to perform extra service or to make any	Payment for Extra Service

		special exertions in going or residing away from the place of his normal residence for any of the purposes of the Company or has given any special attendance for any business of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director.	
	(3)	(a) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them— (i) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or (ii) in connection with the business of the Company.	Travelling and other expenses
	(4)	Subject to the provisions of these Articles and the provisions of the Act, the Board may, decide to pay a Director out of funds of the Company by way of sitting fees, within the ceiling prescribed under the Act, a sum to be determined by the Board for each meeting of the Board or any committee or sub-committee thereof attended by him in addition to his travelling, boarding and lodging and other expenses incurred.	Sitting Fees
		POWERS OF BOARD	
24	(1)	(a) The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other Applicable Laws and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Applicable laws, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. (b) Subject to Section 179 of the Act and other applicable provisions, the Board shall exercise the powers specified therein on behalf of the Company only by means of resolutions passed at meetings of the Board.	General Powers of the Company vested in Board
	(2)	To open any account or accounts with such Bank or Banks as the Board may select or appoint, to operate on such accounts, to make, sign, draw, accept, endorse or otherwise execute all cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other negotiable instruments, to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company to execute deeds.	To open accounts and execute instruments
	(3)	Subject to the provisions of the Act, the Board may from time to time, at their discretion raise or borrow or secure the payment of any sum or sums of money for and on behalf of the Company. Any such money may be raised or the payment or repayment thereof may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit by promissory notes or by opening loan or current accounts or by receiving deposits and advances at interest with or without security or otherwise and in particular by the issue of bonds, perpetual or redeemable debentures of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, machinery, plant, goods or other property and securities of the Company or by other means as the Board deems expedient.	Borrowing powers to Board
	(4)	The Board of Directors shall, as provided in the Act, except with the consent of the Company by way of a resolution, not borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of paid up share capital, free reserves and securities premium or such other limit as may be applicable or prescribed in the Act.	Limit on Borrowing
	(5)	Board may invest otherwise than in trust securities any compensation received by it as a result of any merger or amalgamation subject to the provisions of Applicable laws.	Power to invest

	(6)	Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with Creditors and Members, consolidate, demerge, takeover, absorb units or business entities that have similar or other objects, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other applicable Laws and which would be in the best interests of the company.	Enter into Compromise or Arrangements
	(7)	Subject to provisions of the Applicable laws, Board may sell, lease or otherwise dispose off (subject to any restrictions, if any, imposed by the Shareholders) the whole or substantially the whole of the undertaking of the Company or where the Company holds more than one undertaking, of the whole or substantially the whole of any such undertakings.	Power to sell, lease or dispose off undertakings
	(8)	Board may remit or grant time to remit or repay any debt due from a director.	Power to remit debt due by a director
	(9)	To appoint at any time and from time to time by a power of attorney, any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which are vested in or exercisable by the Directors under these Regulations) and for such period and subject to such conditions as the Board may from time to time think fit, with powers for such attorneys to sub-delegate all or any of the powers, authorities and discretions vested in the attorney for the time being.	To grant power of attorney
	(10)	To acquire by lease, mortgage, purchase or otherwise any property, rights or privileges which the Company is authorized to acquire at such price and on such terms and conditions as the Board may think fit and to sell, let, exchange or otherwise dispose of absolutely or conditionally any property, rights, privileges and undertakings of the Company upon such terms and conditions and for such consideration as they think fit. Provided, however, that the Directors shall not exercise the powers to sell the whole or substantially the whole of its undertaking or assets unless the previous consent of the Company is obtained by a resolution.	To acquire and dispose of property and rights
	(11)	To appoint officers, professionals for permanent, temporary, contractual or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and to require security in such instances of such amount as the Board may think fit and to remove or suspend any such officers, clerks, labourers and other workmen.	To appoint, remove or suspend third parties, employees and other staff
	(12)	Subject to the provisions of the Act to pay and give gratuities, pensions and allowances to any person or persons including any Director or to his widow, children or dependants that may appear to the Directors just or proper whether any such person, widow, children or other dependants have or have not a legal claim upon the Company and whether such person is still in the service of the Company or has retired from its services, to make contributions to any funds, to deduct from their monetary payments, salaries or wages, or make payment of premiums for the purchase or provision of any such statutory payments like provident fund, gratuity, bonus, allowance, pension, superannuation etc.	To make statutory payments like provident fund, gratuity, bonus, allowance, pension, superannuation etc.
	(13)	Subject to the provisions of Section 181 to contribute to the bona fide charitable and other funds (subject to any restrictions, if any, imposed by the Shareholders).	Power to Contribute to Charitable and other funds
	(14)	Subject to the provisions of Section 182 to contribute directly or indirectly to any political party.	Power to contribute to political party
	(15)	(a) To set aside portions of the profits of the Company to form a fund or funds for objects mentioned above before recommending any dividends. (b) To make and alter rules and regulations concerning the time and manner of payment of the contributions of the employees and the Company respectively to any such fund and accrual, employment, suspension and forfeiture of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as the Directors shall from time to time think fit.	To set aside profits to form a fund

	(16)	To refer claims or demands by or against the Company to arbitration and observe and perform any awards made thereon.	To refer to arbitration
	(17)	To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due to and of claims or demands by or against the Company and to appoint solicitors, advocates, counsels and other legal advisers for such purposes or for any other purpose and settle and pay their remuneration.	To institute and defend legal proceedings and appoint legal advisors
	(18)	Directors shall be entitled, during normal business hours of the Company and with prior reasonable written notice, to examine the books of accounts and records of the Company and to reasonably inspect the properties and facilities of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company, as the Directors may reasonably require.	Power to examine books and records
	(19)	To establish any branch, including foreign branch or any kind of business, duly authorized, at such time or times as it shall think fit and if necessary to keep in abeyance activities of such offices so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.	To undertake/ keep in abeyance any activity in any branch
	(20)	To offer and issue, subject to applicable provisions of law, shares or securities to public, resident or non-resident and to get the shares or securities of the company listed in one or more stock exchanges in India or abroad and to de-list from time to time from any such stock exchanges.	Listing or Delisting of securities.
		PROCEEDINGS OF MEETINGS OF THE BOARD	
25	(1)	(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it deems fit, subject to compliance of the Act and Secretarial Standards. (b) Provided, that the Board of Directors shall hold meetings at such frequencies as per provisions of the applicable laws.	When meeting to be convened
	(2)	The Chairman or any one Director with the previous consent of the Chairman may, or the company secretary on the direction of the Chairman or of one or more directors shall, at any time, summon a meeting of the Board.	Who may summon Board meeting
	(3)	(a) At least seven days written notice shall be given to every director, by hand or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means. (b) Proof of sending notice and its delivery shall be maintained by the Company. (c) Where a Director specifies a particular means of delivery of Notice, the Notice shall be given to him by such means. (d) To transact urgent business, the Notice, Agenda and Notes on Agenda may be given at shorter period of time than stated above, if at least one Independent Director, if any, shall be present at such Meeting. If no Independent Director is present, decisions taken at such a Meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director, if any. The fact that the Meeting is being held at a shorter Notice shall be stated in the Notice.	Notice of Board meetings
	(4)	The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda shall be given to the Directors at least seven days before the date of the Meeting.	Agenda and Notes to Agenda for the Board meeting
	(5)	The quorum for a Board meeting shall be as provided in the Act.	Quorum for Board meetings
	(6)	The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Act and Secretarial Standards.	Participation at Board meetings

	(7)	Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.	Questions at Board meeting how decided
	(8)	In case of an equality of votes, the Chairman of the Board, if any, shall have a second or casting vote.	Casting vote of Chairman at Board meeting
	(9)	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.	Directors not to act when number falls below minimum
	(10)	The Chairman of the Company shall be Mr Srinivasan Ravi, and shall also be the Chairman at meetings of the Board. In his absence, the Board may elect a Chairman of its meetings and determine the period for which he is to hold office.	Chairman to preside at meetings of the Board
	(11)	If the Chairman is not present within fifteen minutes after the time appointed for holding the meeting and no such Chairman is elected by the Board, at any meeting, the directors present may choose one of them to be Chairman of the meeting.	Directors to elect a Chairman
	(12)	The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.	Delegation of powers
	(13)	The Act requires certain business to be approved only at Meetings of the Board. However, other business that requires urgent decisions can be approved by means of Resolutions passed by circulation. Resolutions passed by circulation are deemed to be passed at a duly convened Meeting of the Board and have equal authority.	Passing of resolution by Circulation
	(14)	All acts done in any meeting of the Board thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.	Acts of Board valid notwithstanding defect of appointment
PROCEEDINGS AT MEETINGS OF COMMITTEES OF BOARD			
26	(1)	Any Committee formed by Board shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board and by the Applicable laws.	Committee to conform to Board regulations
	(2)	The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under Applicable Laws and Secretarial Standards.	Participation at Committee meetings
	(3)	A Committee may elect a Chairman of its meetings unless the Board, while constituting a Committee, has appointed a Chairman of such Committee.	Chairman of Committee
	(4)	If no such Chairman is elected, or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairman of the meeting.	Chairman to preside at meetings of Committee
	(5)	A Committee may meet and adjourn as it thinks fit.	Committee to meet
	(6)	Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.	Questions at Committee meeting how decided
	(7)	In case of an equality of votes, the Chairman of the Committee shall have a second or casting vote.	Casting vote of Chairman at Committee meeting
	(8)	The Committee may in case of urgent matters decide to pass a resolution by circulation.	Passing of resolution by Circulation
APPOINTMENT OR REMOVAL OF KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTORS, WHOLE TIME DIRECTORS OR MANAGERS			

27	(1)	(a) Subject to the provisions of the Act, a Chief Executive Officer, Manager, Company secretary and Chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer so appointed may be removed by means of a resolution of the Board. (b) The Board may appoint one or more Chief Executive Officers for its multiple businesses.	Appointment and Removal
	(2)	A director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer or Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be appointed as a director in accordance with the provisions of Applicable laws.	Director may be designated
	(3)	The Board shall have the powers to designate any other officer of the company not more than one level below the directors who are in the whole-time employment of the Company as Key managerial personnel, determine their terms of appointment and fix remuneration. Such Key managerial personnel may be removed by means of a resolution of the Board.	Power to designate any other officer of the company as Key managerial personnel and determine terms of appointment
		MAINTENANCE, INSPECTION & EXTRACTS OF STATUTORY REGISTERS	
28	(1)	The Company shall keep and maintain at its registered office all Statutory Registers namely, Register of charges, Register of members [separately for each class of equity and preference shares], Register of debenture holders, Register of any other security holders, Register and index of beneficial owners maintained under Section 11 of Depositories Act, 1996, Register of loans, guarantees, security and acquisitions made by the Company, Register of investments not held in its own name and Register of contracts and arrangements in which directors are interested and any other Statutory Register, in such manner and for such duration and containing such particulars as may be prescribed by the Applicable Laws.	Statutory registers
	(2)	(a) The Company may exercise the powers conferred on it by section 88 of the Act with regard to the keeping of a Foreign Register of Members, Beneficial owners, debenture holders, other securities holder residing outside India. (b) A foreign register shall be deemed to be part of the company's register ["the principal register"] of members or of debenture holders or of any other security holders or beneficial owners, as the case may be, and shall be maintained in the same format as the principal register.	Foreign register
	(3)	(a) A duplicate of the foreign register shall be maintained in India and shall be updated as per timelines prescribed in the Act. Such register shall be kept open for inspection and may be closed, and extracts may be taken therefrom and copies thereof may be required, in the same manner, *mutatis mutandis*, as is applicable to the principal register except that the advertisement before closing the register shall be inserted in at least two newspapers circulating in the place wherein the foreign register is kept. (b) The company may discontinue the keeping of any foreign register; and thereupon all entries in that register shall be transferred to some other foreign register kept by the company outside India or to the principal register.	Maintenance of Foreign register and inspection rights
	(4)	(a) Inspection of statutory registers shall be permitted by the Company to prescribed persons based on the provisions of Applicable laws. Wherever there is an enablement for charging of fees for inspection in the Applicable laws, the company shall charge Rs. 50 per person per inspection or such other revised fee as the Board of Directors may prescribe. (b) Notwithstanding the provisions of this Article, there may be statutory registers wherein no inspection rights have been prescribed, which means the Company or Board shall be under no obligation to grant inspection rights. Alternatively, amendments to these rights may be introduced by the Act. In such instances, the provision of the Act shall override the provisions of the Articles.	Inspection Rights for Statutory registers

	(5)	(a) The Company shall provide extracts or hard copies or Statutory registers to persons prescribed under the Applicable laws. Wherever the laws permit charging of a fee for obtaining extracts/hard copies, Rs. 10 per page or such other amount as may be decided by the Board shall be charged. Extracts or copies shall be provided post inspection of the registers. (b) In case of availing soft copies, no fees shall be levied on members or persons authorised to obtain extracts of statutory registers. However in case the register has not been maintained in soft copy and in order to fulfil the requirement of the person requiring the extracts, registers have to be converted to soft form then charges at the same rate stipulated in clause (a) or such other rate as may be prescribed by the Board shall be levied. (e) Provisions of this Article with respect to charging of fees for extracts/copies shall not apply to auditors, government or other regulators or regulatory bodies in performance of their duties or as authorised under any law for the time being in force. (f) Notwithstanding the provisions of this Article, there may be statutory registers wherein no rights have been prescribed for obtaining extracts or copies, which means the Company or Board shall be under no obligation to grant extracts of such registers. Alternatively, amendments to these rights may be introduced by the Act. In such instances, the provision of the Act shall override the provisions of the Articles.	Fees to be charged for providing extracts/ copies of Statutory Registers
	(6)	The Company shall ensure that extracts of statutory registers are provided to the eligible parties stipulated or as enabled under the Act, within the time limit specified therein.	Company to provide extracts of statutory registers
AUTHENTICATION OF DOCUMENTS PROCEDINGS AND CONTRACTS			
29		Any document or proceeding requiring authentication by a company; or any contracts made by or on behalf of a company, may be signed by any key managerial personnel or an officer or employee of the company duly authorised by the Board in this behalf.	Power to Grant Authorisation
DECLARATION OF DIVIDENDS			
30	(1)	The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.	Company in general meeting may declare dividends
	(2)	The Board of Directors of a company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend. Provided that in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years.	Interim dividends
	(3)	(a) The Board may declare dividends for a financial year out of the profits of the company for that year arrived at after providing for depreciation in accordance with the provisions of Section 123 (2), or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with the provisions of that sub-section and remaining undistributed, or out of both. (b) Provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded; or out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government.	Dividends to be paid out of profits

		(c) Provided that no dividend shall be declared or paid by a company from its reserves other than free reserves. (d) Provided also that no company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.	
	(4)	The Board may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the company.	Carry forward of Profits
	(5)	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.	Payments in advance
	(6)	(a) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. (b) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.	Dividends to be apportioned
	(7)	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.	No member to receive dividend whilst being indebted to the Company and Company's right to reimbursement therefrom
	(8)	The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.	Retention of dividends
	(9)	Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.	Dividend how remitted
	(10)	Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.	Instrument of Payment
	(11)	Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.	Discharge to Company
	(12)	Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.	Receipt of one holder sufficient
	(13)	No dividend shall bear interest against the Company.	No interest on dividends
	(14)	The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.	Waiver of dividends
		UNPAID OR UNCLAIMED DIVIDENDS	
31	(1)	Where the Company has declared a dividend but which has not been paid or claimed within thirty days from the date of declaration, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of	Transfer of unclaimed dividend

		dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank.	
	(2)	Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established under section 125 of the Act.	Transfer to IEPF Account
	(3)	The Company shall ensure that as per the provisions of Section 124(6) of the Act, All shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund.	Transfer of shares in case of unclaimed dividends
	(4)	Any person claiming to be entitled to an amount or shares so transferred to Investor Education and Protection Fund, may apply to the company and/or the authority constituted by the Central Government for the payment of the money claimed or shares so transferred.	Right to claim back the amount or shares transferred to IEPF
	(5)	No unclaimed or unpaid dividend shall be forfeited by the Board until the claim becomes barred by Applicable Laws.	Forfeiture of unclaimed dividend
		BOOKS OF ACCOUNTS	
32	(1)	The Board shall cause true accounts to be kept of the assets and liabilities and of all sums of money received and expended by the Company as prescribed in the Applicable laws.	Maintenance of Books of Accounts of Company
	(2)	The Books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules.	Inspection by Directors
	(3)	No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by Applicable Laws or authorised by the Company in General Meeting.	Restriction on inspection by members
		APPOINTMENT, RESIGNATION & REMOVAL OF AUDITORS	
33	(1)	The Statutory auditors of the company shall be appointed, their remuneration shall be fixed, rights, duties and liabilities shall be regulated and their qualifications and disqualifications shall be in accordance with the provisions of Sections 139 to 148 (both inclusive) of the Act.	Appointment of Statutory Auditors
	(2)	The Directors may fill up any casual vacancy in the office of the auditors within thirty days subject to the provisions of Section 139 and 140 of the Act and the rules framed thereunder.	Casual Vacancy
	(3)	The remuneration of the auditors shall be fixed by the Company in the Annual General Meeting or in such a manner as the Company in the annual General Meeting may determine except that, subject to the applicable provisions of the Act, remuneration of the first or any auditor appointed by the Directors may be fixed by the Directors.	Remuneration of Statutory auditors
	(4)	(a) The Board shall duly appoint Practising Cost Accountant to conduct Cost audit of the Company in accordance with the provisions of the Act [Section 148] and remuneration shall be fixed subject to approval at the general meeting of the Company. (b) Resignation, Casual Vacancy and Removal of Cost Auditors etc., shall be governed by the provisions of the Act.	Cost Auditor
	(5)	(a) The Board shall duly appoint Practising Company Secretaries to conduct Secretarial audit of the Company in accordance with the provisions of the Act [Section 204]. (b) Resignation, Casual Vacancy and Removal etc., of Cost Auditors shall be governed by the provisions of the Act.	Secretarial Auditor
	(6)	(a) The Board shall appoint Internal Auditors to conduct internal audit of the functions and activities of the Company in accordance with the provisions of the Act and fix their terms of appointment [Section 138].	Internal Auditor

		(b) Resignation, Casual Vacancy and Removal etc, of Cost Auditors shall be governed by the provisions of the Act.	
SERVICE OF DOCUMENTS AND NOTICE ON THE COMPANY			
34		A document or notice may be served or given by the company on any member either personally or sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the company for serving documents or notices on him or by way of any electronic transmission, as prescribed in section 20 of the act and Applicable Law made thereunder. Where a document or notice is sent by post, services of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the company in advance that document or notices should be sent to him by registered post with or without acknowledgement due and has deposited with the company a sum sufficient to defray the expenses of the doing so, service of the documents or notice shall not to be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice id posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.	Service Of Documents And Notice
WINDING UP			
35		The Company may be wound up in accordance with the provisions of the Act.	Winding up of Company
SECRECY			
36	(1)	Subject to the provisions of the Act, no Member shall be entitled to visit or inspect any work of the Company without the permission of the Board of Directors, Managing Directors or Secretary or to require inspection of any books of accounts or documents of the Company or any discovery of any information or any detail of the Company's business or any other matter, which is or may be in the nature of a trade secret, mystery of secret process or which may relate to the conduct of the business of the Company and which in the opinion of the Board or the Managing Director will be inexpedient in the collective interests of the Members of the Company to communicate to the public or any Member.	Duty of Directors
	(2)	Every Director, Manager, Secretary, Key managerial personnel, Auditor, Trustee, Member of Committee, officer, servant, agent, accountant or other person employed in the business of the Company will be upon entering his duties pledging himself to observe strict secrecy in respect of all matters of the Company including all transaction with customers, state of accounts with individual and other matters relating thereto and to not reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a court of Law and except so far as may be necessary in order to comply with any of the provisions in these Articles and the provisions of the Act.	Duty to maintain confidentiality
	(3)	No share holder or other person, not being a director shall be entitled to enter into the premises or the properties of the company, or to inspect the company's premises or properties or books of account of the company except to the extent authorised by the Act and subject to such restrictions as the company in General Meeting or the Board may impose in this behalf from time to time. No person shall be entitled to require disclosure of any information respecting any details in the nature of a trade secret, mystery of trade or process or of any matter whatsoever which, in the opinion of the Board or the Managing Director of the Company would be inexpedient to communicate.	Restriction on right of members
INDEMNITY AND INSURANCE			
37	(1)	Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary, key managerial personnel and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such Director, Manager, Company Secretary, key managerial personnel and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such Director, Manager, Company secretary, key managerial	Directors and officers right to indemnity

		personnel or officer or in any way in the discharge of his duties in such capacity including expenses.	
	(2)	Subject as aforesaid, every Director, Managing Director, Manager, Company Secretary, key managerial personnel or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.	Indemnity in case of Civil or Criminal Proceedings
	(3)	No Director, key managerial personnel or other officer of the Company shall be liable for the acts, deceits, neglect or default of any other Director or officer joining in any deceit or other act, or any loss or expense happening to the Company through the insufficiency or deficiency of a title to any property acquired by order of the Board for and on behalf of the Company, or for the insufficiency or deficiency of any security of investment in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous acts of any persons with whom any moneys, securities or effects, shall be deposited, or for any loss, occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.	No liability of individuals in certain cases
	(4)	The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.	Insurance
		GENERAL POWER OF THE COMPANY	
38		Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.	General power of the Company to act as per the provisions of its Articles of Association

PART – B*

(Incorporated under Companies Act 1956)
(Limited By Shares)

** Part-B of the Articles of Association reflects the previous Articles of Association of the Company as existed before the EGM held on 30.04.2018, except for the restrictions pertaining to a private limited company which have been removed as a consequence of conversion of the company from private to public and sections has been realigned as per the provisions Companies Act, 2013.*

Preliminary

1. The Regulations contained in Table 'F' in Schedule I to the Companies Act, 2013 or any statutory modifications thereof, shall apply to the Company as far as applicable to a private company except to the extent the said regulations have been expressly altered, varied or omitted in these Articles. These Articles, and wherever required the said regulations contained in Table 'F', shall be the regulations for the management of the Company.

Interpretation

2. In these Articles, the following words and expressions shall have the following meanings unless excluded by the subject or context.

"**Accession Instrument**" means a deed of adherence to the Shareholders Agreement substantially in the form set forth in Schedule 3 (*Accession Instrument*) of the Shareholders Agreement, with applicable amendments which are in form and substance satisfactory to each of the parties to the Shareholders Agreement;

"**Accounting Standards**" means the accounting standards issued from time to time by the Government of India under the Companies (Accounting Standards) Rules, 2006;

"**Act**" shall mean the (Indian) Companies Act, 2013 and all amendments or statutory modifications thereto or re-enactment thereof;

"**Action Plan**" means the plan or plans developed by the Company, a copy of which is attached as Annex C (*Action Plan*) to the Shareholders Agreement, setting out the specific social and environmental measures to be undertaken by the Company, to enable the Company's Business to be undertaken in compliance with the Performance Standards;

"**Affiliate**" means with respect to any Person, any Person directly or indirectly Controlling, Controlled by or under common Control with, that Person;

"**Aggregate Subscription Amount**" means with respect to each Investor, the amounts paid by the respective Investors to the Company towards the subscription of the respective Investor Shares;

"**Amended and Restated Put Option Agreement**" means the amended and restated put option agreement dated July 3, 2012 executed amongst IFC, the Company, each of the Sponsors and SM;

"**Annual Monitoring Report**" means the Annual Environment and Social Monitoring Report, in the form set out in Schedule 6 (*Annual Environment and Social Monitoring Report*) of the Shareholders Agreement, setting out the specific social, environmental and developmental impact information to be provided by the Company in respect of the Business;

"**Applicable Law**" means all applicable statutes, laws, ordinances, rules and regulations, including but not limited to, any license, permit or other Authorisations, in each case as in effect from time to time;

"**Applicable S&E Law**" means all applicable statutes, laws, ordinances, rules and regulations of the Country, including without limitation, all Authorisations setting standards concerning environmental, social, labor, health and safety or security risks of the type contemplated by the Performance Standards or imposing liability for the breach thereof;

"**Approved Business Plan**" means the Business Plan or, as the case may be, any revision thereof, duly approved by the Board of Directors of the Company;

"**Articles**" shall mean these Articles of Association framed or as altered from time to time or of this Act;

"**Audited Financial Statements**" means the financial statements of the Company for any Financial Year, which includes the balance sheet and the profit and loss account of the Company audited by the statutory Auditors of the Company, including the notes to accounts;

"**Auditors**" means the independent, external auditors of the Company;

"**Authorisations**" mean any consent, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents;

"**Authority**" means any national, supranational, regional or local government, or governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person whether or not government owned and howsoever constituted or called, that exercises the functions of the central bank);

"**Authorized Representative**" means, in relation to the Company, any individual who is duly authorized by the Company to act on its behalf and whose name and a specimen of whose signature appear on the Certificate of Incumbency and Authority most recently delivered by the Company to the Investors;

"**Average EBITDA**" means the average of (i) EBITDA as per the Audited Financial Statements of the Company for the Financial Year immediately preceding the Financial Year in which the question of computing "Average EBITDA" has arisen and (ii) the projected EBITDA as per the latest Approved Business Plan;

"**Board of Directors**" or "**Board**" means the board of directors of the Company, nominated and elected from time to time, constituted in accordance with the Act and in compliance of terms of these Articles;

"**Borrowing**" means any indebtedness in respect of:

(a) monies borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds (other than performance bonds), notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Indian GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond (other than performance and similar bonds issued in the ordinary course of trading), standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"**Business**" means the business carried on by the Company and its Subsidiaries or capable of being carried by the Company and its Subsidiaries in accordance with memorandum of association as in force from time to time comprising of its existing and future operations, activities and facilities of the Company and its Subsidiaries and also the existing and future operations and activities of its Joint Ventures (including the design, construction, operations, maintenance, management and monitoring thereof, as applicable), whether in India or outside India and without prejudice to the generality of the above it includes, (a) machining job work: finishing and machining of high precision, critical components, (b) product engineering and manufacturing: turnkey manufacturing and assembly solutions for various industrial customers, (c) standard products: manufacture and sale of niche engineering products, (d) die casting, pressure die casting, plastic products and components, material handling and storage equipments and articles, environment protection and purification equipments, products, articles and things, (e) packaging for medical, electrical and other products and components and (f) any other related backward or forward integration activity, including foundry and forging;

"Business Day" means a day, except for a Saturday or a Sunday, when banks are open for business in Mauritius, New York, United States of America, Mumbai, Chennai and Coimbatore, India;

"**Business Plan**" means the annual business plan of the Company or any revision thereof prepared by the Management of the Company for any Financial Year containing the operating performance budget, capital expenditure and borrowing details of the Company and other relevant key performance indicators, to the satisfaction of the Investors and a copy thereof being provided to the Investors;

"**CAO**" means the Compliance Advisor Ombudsman, the independent accountability mechanism for IFC that responds to environmental and social concerns of affected communities and aims to enhance outcomes;

"**CAO's Role**" means the role of the CAO which is:

(a) to respond to complaints by Persons who have been or are likely to be negatively affected by the social or environmental impacts of IFC projects; and

(b) to oversee audits of IFC's social and environmental performance, particularly in relation to sensitive projects, and to ensure compliance with IFC's social and environmental policies, guidelines, procedures and systems;

"**Certificate of Incumbency and Authority**" means a certificate provided to the Investors by the Company substantially in the form set forth in Schedule 2 (*Form of Certificate of Incumbency and Authority*) of the Shareholders Agreement;

"**Chairman**" means the chairman of the Board of Directors elected or appointed from time to time;

"**Charter**" or "**Charter Documents**" means the memorandum of association of the Company, these Articles or, as applicable, the memorandum of association and articles of association of any Subsidiary;

"**Claim**" includes any notice, demand, claim, action, assessment taken by any Authority or any other Person, whereby the Company or, as the case may be, any of the Investors: (i) may be placed or is sought to be placed under an obligation to make payment; or (ii) is likely to suffer any loss, damage, cost, expense, liability, penalty or prosecution including any payments with respect to any Tax or interest or penalties in relation thereto; or (iii) may be deprived of any relief, allowance, credit or repayment otherwise available;

"**Closing Date**" shall mean, with respect to both the Investors, the earlier of the dates on which the Company allots and issues the Investor Subscription Shares to the Investors in terms of the SCPE Subscription Agreement or the IFC Subscription Agreement, as the case may be;

"**Corporate Governance Improvement Plan**" means the plan or plans to be developed by the Company, and suitably adopted by the Board, setting out specific corporate governance improvement measures to be undertaken by the Company, to enable it to improve the corporate governance of the Company, in form and substance satisfactory to the Investors, covering at the minimum:

(a) Board structure and composition;

(b) Appointment of chief financial officer and other key senior positions;

(c) Implementation of the ERP and material management systems;

(d) Protection of minority Shareholders; and

(e) Meeting of any other requirements to be abided by or fulfilled upon the listing of the shares of the Company.

"**Coercive Practice**" has the meaning set forth in Annex A (*Anti-Corruption Guidelines for IFC Transactions*) of the Shareholders Agreement;

"**Collusive Practice**" has the meaning set forth in Annex A (*Anti-Corruption Guidelines for IFC Transactions*) of the Shareholders Agreement;

"**Control**" means the power to direct the management or policies of a Person, directly or indirectly, whether through the ownership of shares or other securities, by contract or otherwise; provided that, in any event, the direct or indirect ownership of twenty-six per cent (26%) or more of the voting share capital of a Person is deemed to constitute Control of that Person, and "**Controlling**" and "**Controlled**" have corresponding meanings;

"**Corrupt Practice**" has the meaning set forth in Annex A (*Anti-Corruption Guidelines for IFC Transactions*) of the Shareholders Agreement;

"**Country**" means the Republic of India;

"**Deed of Adherence**" means a deed of adherence to the Shareholders Agreement substantially in the form set forth in Schedule 4 (*Deed of Adherence*) of the Shareholders Agreement, with applicable amendments which are in form and substance satisfactory to each of the parties to the Shareholders Agreement.

"**Director**" means an individual who is a member of the Board of Directors of the Company nominated and elected from time to time;

"**Distribution**" means: (a) the transfer of cash or other property without consideration, whether by way of dividend or otherwise; or (b) the purchase or redemption of shares of the Company or Share Equivalents for cash or property, other than any repurchase or redemption of shares of the Company or Share Equivalents issued to or held by employees, officers, Directors or consultants of the Company or its Subsidiaries pursuant to an employee stock plan upon termination of their employment;

"**Encumbrance**" means any lien, mortgage, pledge, charge, assignment, hypothecation, security interest, title retention, preferential right, option (including call commitment), trust arrangement, right of set-off, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy or any preference of one creditor over another arising by operation of law and / or any adverse claim as to title, possession or use;

*“**Equity Shares**” means the issued and fully paid-up equity shares of the Company of face value Rs. 5 each;

**** Altered pursuant to the sub-division of the equity shares from face value of Rs. 100 each to Rs. 5 each approved at the Extraordinary General Meeting held on 30.04.2018***

“**Essential Rights**” means the rights specified in Article 102 (b)(ii), Article 102(d), Article 102 (e), Article 102 (f)(ii) and Article 102 (i) of these Articles of Association;

"**Financial Year**" means the accounting year of the Company commencing each year on April 1 and ending on the following March 31;

“**FMV Price**” shall mean the fair market value of the Equity Shares of the Company, determined by an Independent Audit Firm as may be approved by the Board of Directors and acceptable to Investors, who are not the Auditors of the Company at the time of making such determination;

"**Fraudulent Practice**" has the meaning set forth in Annex A of the Shareholders Agreement (*Anti-Corruption Guidelines for IFC Transactions)*;

“**General Meeting**" means either an extraordinary general meeting of the Company's shareholders or the annual general meeting of the Company's shareholders;

“**Governmental Approval**” shall mean any Authorisation required to be obtained from any Authority;

"**IFC**" shall mean the International Finance Corporation, an international organization established by Articles of Agreement among its member countries including the Republic of India;

“**IFC Initial Shares**” shall mean 66,263 (Sixty Six Thousand Two Hundred and Sixty Three) Equity Shares, subscribed to by IFC pursuant to a share subscription agreement dated June 28, 2010 executed amongst IFC, the Sponsors, SM and the Company constituting 14.06% of the then Share Capital;

“**IFC Subscription Agreement**” means the share subscription agreement dated July 3, 2012 executed amongst the Sponsors, SM, the Company and IFC;

“**IFC Subscription Shares**” means the 14,540 (Fourteen Thousand Five Hundred and Forty) Equity Shares of the Company subscribed by IFC pursuant to the IFC Subscription Agreement;

"**Independent Director**" means a Director who has no direct or indirect material relationship with the Company other than membership on the Board and who:

(a) is not, and has not been in the past 5 (five) years, employed by the Company or its Affiliates;

(b) does not have, and has not had in the past 5 (five) years, a business relationship with the Company or its Affiliates (either directly or as a partner, shareholder (other than to the extent to which shares are held by such Director pursuant to a requirement of Applicable Law in the Country relating to directors generally), and is not a director, officer or senior employee of a Person that has or had such a relationship);

(c) is not affiliated with any non-profit organization that receives significant funding from the Company or its Affiliates;

(d) does not receive and has not received in the past 5 (five) years, any additional remuneration from the Company or its Affiliates other than his or her director's fee and such director’s fee does not constitute a significant portion of his or her annual income;

(e) does not participate in any share option scheme/plan or pension scheme/plan of the Company or any of its Affiliates;

(f) is not employed as an executive officer of another company where any of the Company’s executives serve on that company’s board of directors;

(g) is not, nor has been at any time during the past 5 (five) years, associated with or employed by a present or former Auditor of the Company or any of its Affiliates;

(h) does not hold a material interest in the Company or its Affiliates (either directly or as a partner, shareholder, director, officer or senior employee of a Person that holds such an interest);

(i) is not a member of the immediate family (and is not the executor, administrator or personal representative of any such Person who is deceased or legally incompetent) of any individual who would not meet any of the tests set out in (a) to (h) (where he or she a director of the Company);

(j) is identified in the annual report of the Company distributed to the shareholders of the Company as an independent director; and

(k) has not served on the Board for more than 10 (ten) years.

For purposes of this definition, "material interest" shall mean a direct or indirect ownership of voting shares representing at least 5% (five percent) of the outstanding voting power or equity of the Company or any of its Affiliates;

"**Intellectual Property**" means any or all of the following and all rights in, arising out of, or associated with any or all of the following:

(i) all national, foreign and international patents and patent rights (including all patents, patent applications, provisional patent applications, and any and all divisions, continuations, continuations-in-part, reissues, re-examinations and extensions thereof, and all invention registrations and invention disclosures);

(ii) all trademarks and trademark rights, service marks and service mark rights, trade names and trade name rights, service names and service name rights (including all goodwill, common law rights and governmental or other registrations or applications for registration pertaining thereto), designs, trade dress, brand names, business and product names, internet domain names, logos and slogans;

(iii) all copyrights and/or rights to use a copyright (including all common law rights, and governmental or other registrations or applications for registration pertaining thereto, and renewal rights therefor);

(iv) all *sui generis* database rights, ideas, inventions (whether patentable or not), invention disclosures, improvements, technology know-how, show-how, trade secrets, formulas, systems, processes, designs, methodologies, industrial models, works of authorship, databases, content, graphics, technical drawings, statistical models, algorithms, modules, computer programs, technical documentation, business methods, work product, intellectual and industrial property licenses, proprietary information and documentation relating to any of the foregoing;

(v) all mask works, mask work registrations and applications therefor;

(vi) all industrial designs and any registrations and applications therefor throughout the world;

(vii) all computer software including all source code, object code, firmware, development tools, files, records and data, and all media on which any of the foregoing is recorded; and

(viii) all similar, corresponding or equivalent rights to any of the foregoing.

“**Investment Date**” refers to the date on which the subscription amounts are paid by the Investors to the Company with respect to the subscription to the Investor Shares and the Investor Shares are issued and allotted to the respective Investors pursuant to receipt of such payment by the Company in its designated bank account;

*“**Investors**” shall collectively refer to IFC and Marina III.

Altered pursuant to the transfer of equity shares from SCPE to Marina III Singapore Pte Ltd dated 24th March, 2017

“**Investor Shares**” shall mean the IFC Initial Shares, the Investor Subscription Shares and any other additional Equity Shares issued to the Investors, the amounts for which may be paid by such Investor to the Company for the subscription of such additional Equity Shares, if any;

*“**Investor Subscription Shares**” shall mean the Marina III Shares and the IFC Subscription Shares;

Altered pursuant to the transfer of equity shares from SCPE to Marina III Singapore Pte Ltd dated 24th March, 2017.

“**IRR**” means with respect to any Investor, the internal rate of the return achieved by such Investor calculated using the Microsoft Excel XIRR function (or if such program is no longer available, such other software program for calculating IRR acceptable to the Investors and Sponsors), at the time when the IRR is required to be calculated in accordance with the Shareholders Agreement as a specified percentage of the shareholding of the Investor reckoned as Shares on a Fully Diluted Basis calculated commencing on the respective Investment Dates and shall be arrived at duly taking into account the (a) the Aggregate Subscription Amount paid by the Investor to the Company and (b) minimum floor price per share at which the Qualified IPO or Investor Request Qualified IPO opens or in the case of a buy back or Third Party purchase the price per Equity Share at which such transaction takes place duly adjusted for Equity Shares held by the Investor reckoned as Shares on a Fully Diluted Basis and duly adjusted therefrom all previous Distributions (including dividends, buy-back amounts or payments made pursuant to a reduction of capital) by the Company to such Investor; Calculation of IRR for any Investor shall be done on a pre-tax basis;

"**Joint Ventures**" means Carl Stahl Craftsman Enterprises Private Limited and MC Craftsman Machinery Private Limited, and any other joint venture that the Company may enter into after July 03, 2012 being the date of execution of the Shareholders Agreement;

“**KG**” means K. Gomatheswaran, s/o Kaliappa Gounder, a citizen of India, residing at 4A, Windchimes,248/3, Race Course, Coimbatore - 641 018, Tamil Nadu, India, having Permanent Account No.AFXPG9306B;

"**Liquidation Event**" means any liquidation, winding up or bankruptcy, reorganization, composition with creditors or other analogous insolvency proceeding of the Company or any Subsidiary, whether voluntary or involuntary, or any petition presented or resolution passed for any such event or for the appointment of an insolvency practitioner;

"**Listing**" means the admission of Equity Shares of the Company (and/or Share Equivalents) to listing on any securities exchange and/or to trading on any Relevant Market;

"**Long Term Borrowings**" means any Borrowing not originally due for repayment in full within 12 (twelve) months from the date of such Borrowing;

“Management of the Company” refers to the function involving the management of the affairs of the Company carried out under the leadership of the Managing Director of the Company comprising of executive directors, key management personnel and other officers;

***“Marina III means Marina III (Singapore) Pte Limited** a company incorporated and registered under the laws of Singapore, having its registered office at 8, Marina Boulevard, #23-01, Marina Bay Financial Centre Tower 1, Singapore 018981.

Inserted pursuant to the transfer of equity shares from SCPE to Marina III Singapore Pte Ltd dated 24th March, 2017

*“**Marina III Subscription Shares**” means the 89,100 (Eighty Nine Thousand One Hundred) Equity Shares of the Company subscribed by SCPE pursuant to the SCPE Subscription Agreement and now held by Marina III;

Inserted pursuant to the transfer of equity shares from SCPE to Marina III Singapore Pte Ltd dated 24th March, 2017

"**Material Adverse Effect**" means a material adverse effect on:

(a) the Company's, or any of its Subsidiaries' assets or properties;

(b) the Company's, or any of its Subsidiaries' business prospects or financial condition;

(c) the carrying on of the Company's, or any of its Subsidiaries' Business or operations;

(d) the ability of the Company to comply, and ensure that each of its Subsidiaries complies, with its obligations under the Shareholders Agreement, or the Company's Charter and in the case of each of its Subsidiaries, such Subsidiary's Charter; or

(e) the ability of the Sponsor and SM to comply with their obligations under the Shareholders Agreement.

*"**Net Worth**" means the aggregate value of the paid-up share capital and all reserves created out of the profits securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;

"**Obstructive Practice**" has the meaning set forth in Annex A (*Anti-Corruption Guidelines for IFC Transactions*) of the Shareholders Agreement;

"**Offering**" means any primary or secondary public or private offering of Equity Shares of the Company and/or Share Equivalents;

"**Parties**" means collectively, the Company, the Sponsors, SM and the Investors;

"**Performance Standards**" means IFC's Performance Standards on Social & Environmental Sustainability, dated January 1, 2012, copies of which are available publicly on the IFC website at http://www.ifc.org/ifcext/enviro.nsf/Content /EnvSocStandards;

"**Person**" means any individual, corporation, company, body corporate, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity;

"**pro-rata share**" or "**pro-rata Equity Share**" means, with respect to any Shareholder, the total number of issued and outstanding Equity Shares of the Company and Share Equivalents held by the relevant Shareholder, expressed as a percentage of the total number of shares of the Company and Share Equivalents then issued and outstanding, reckoned as Shares on a Fully-Diluted Basis;

"**Proxy**" includes attorney duly constituted under a power of attorney;

"**Qualified IPO Date**" means the date on which a Qualified IPO takes place;

"**Qualified IPO Price**" means a share price at the lower end of the IPO price band that would result in a minimum IRR of 10% (ten per cent) on the Aggregate Subscription Amount calculated with respect to each of the Investors from the respective Investment Dates till the Qualified IPO Date or Investor Request Qualified IPO Date, as the case may be;

"**Related Party**" means any Person: (a) that holds a material interest in the Company or any Subsidiary; (b) in which the Company or any Subsidiary holds a material interest; (c) that is otherwise an Affiliate of the Company; or (d) who serves or has within the past 12 (twelve) months served as a Director; (e) who is a Relative of any individual included in any of the foregoing or (f) an employee of the Company or the Subsidiaries from whom the Company or any Subsidiary, has directly or indirectly, procured goods and services, of a value of more than 5% (five per cent) of sales of the Company as per the Audited Financial Statements for the Financial Year immediately preceding the Financial Year in which the question arises or to whom the Company or any Subsidiary has, directly or indirectly supplied any goods and services of a value of more than 5% (five per cent) of sales of the Company as per the Audited

Financial Statements for the Financial Year immediately preceding the Financial Year in which the question arises. For the purpose of this definition, "material interest" shall mean a direct or indirect ownership of Equity Shares representing at least 5% (five per cent) of the outstanding voting power or equity of the Company or any Subsidiary;

"**Relative**" shall have the meaning ascribed to such term under Section 2(77) of the Act;

"**Relevant Market**" means the BSE Limited and/or the National Stock Exchange of India Limited, or any other reputable and internationally recognized automated quotation system(s) or stock exchange(s) acceptable to the Investors in their sole discretion;

"**Relevant Parties**" means the Company, the Sponsors, SM and any other shareholder of the Company that is a party to the Shareholders Agreement or becomes a party to the Shareholders Agreement pursuant to an Accession Instrument or Deed of Adherence;

"**Sanctionable Practice**" means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are defined herein and interpreted in accordance with the Anti-Corruption Guidelines attached to the Shareholders Agreement as Annex A (*Anti-Corruption Guidelines for IFC Transactions);*

"SCPE" shall mean Standard Chartered Private Equity (Mauritius) II Limited, a company incorporated and registered under the laws of Mauritius, having its registered office at C/o Kross Border Trust Services Limited, St Louis Business Centre, Cnr Desroches & St Louis Streets, Port Louis, Mauritius, registered as a Foreign Venture Capital Investor under the laws of India having registration number IN/FVCI/05-06/22;

"**SCPE Subscription Agreement**" means the share subscription agreement dated July 3, 2012 executed amongst the Sponsors, SM, the Company and SCPE;

"**Share Capital**" means the total issued and paid-up equity share capital of the Company calculated as per Shares on a Fully Diluted Basis;

"**Share Equivalents**" means preferred shares, bonds, loans, warrants, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase, equity shares of the Company or any instrument or certificate representing a beneficial ownership interest in the equity shares of the Company, including global depository receipts or American depository receipts;

"**Shareholders**" means collectively, the Investors, the Sponsors, SM and any other shareholder of the Company that is a party to the Shareholders Agreement or becomes a party to the Shareholders Agreement pursuant to an Accession Instrument or a Deed of Adherence;

"**Shareholders Agreement**" refers to the shareholders agreement dated July 3, 2012 entered into between the Company, SR, KG, SM, SCPEand IFC ;

"**Shares on a Fully Diluted Basis**", shall mean that number of shares obtained by assuming that all outstanding options, warrants and other equity securities convertible into or exercisable or exchangeable for equity shares of the Company (whether or not by their term then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged;

"**Shell Bank**" means a bank incorporated in a jurisdiction in which it has no physical presence and which is not an affiliate of a regulated bank or a regulated financial group;

"Short Term Borrowings" shall mean all Borrowings other than Long Term Borrowings;

"**SM**" shall mean S. Murali, s/o Dr. G. Srinivasan a citizen of India residing at 1613, Air India Lane, Trichy Road, Coimbatore – 641 018, Tamil Nadu, India, having Permanent Account No.AJQPM1542C;

"**Special Resolution**" means special resolution as defined under Section 114 of the Act;

"**Special Rights**" shall mean the rights of the Investors under Article 101 and the right of the Investors to be entitled to appoint its nominee as a Director on the Board;

"**Specified Matters**" shall mean the following:

(i) significant adjustments or qualifications made to the financial statements arising out of audit findings; or

(ii) any issues or material change in accounting policies or practices of the Company that could affect the true and fair nature of any financial statements of the Company.

"**Sponsor**" means SR and KG and shall include any other Person designated as a Sponsor from time to time in accordance with these Articles;

"**SR**" means S. Ravi, s/o Dr. G. Srinivasan, a citizen of India residing at Old No. 153, New No. 209, Tea Estate Compound, Race Course, Coimbatore – 641 018, Tamil Nadu, India, having Permanent Account No. AEYPR9359H;

"**Subsidiary**" means a subsidiary as defined under the Act and shall include (a)Craftsman Marine BV; and (b) Craftsman Automation Singapore Pte Ltd or any other subsidiary which the Company or its Subsidiaries may establish from time to time, in India or elsewhere;

"**Tax**", "**Taxation**" or "**Taxes**" means any present or future taxes (including stamp duties), withholding obligations, duties and other charges of whatever nature levied by any Authority together with any interest, penalties, surcharges or fines relating thereto ;

"**The Company**" or "**This Company**" or "**Company**" means Craftsman Automation Limited;

"**Third Party**" shall mean any Person that is not a signatory to the Shareholders Agreement;

"**Total Debt**" shall mean the sum total of all indebtedness of the Company calculated at any time when the Company proposes to incur a debt including aggregate of each of the following:

(a) Long Term Borrowings;

(b) Short Term Borrowings;

(c) Indebtedness of the Company in respect of any Borrowing other than (a) and (b) above;

(d) Indebtedness of the company in respect of bills discounted with recourse to the Company; and

(e) Indebtedness of the company in respect of corporate guarantees issued by the Company in favour of other entities.

"**Transaction Documents**" shall mean the Shareholders Agreement, the SCPE Subscription Agreement, the IFC Subscription Agreement, the Amended and Restated Put Option Agreement, the Deed of Adherence dated 17th March, 2017 signed by Marina III and such other documents as may be designated as such by the Parties;

"**Transfer**" means to directly or indirectly, transfer, sell, convey, assign, pledge, hypothecate, create a security interest in or Encumbrance on, place in trust (voting or otherwise), transfer by operation of law or in any other way subject to any Encumbrance or dispose of, whether or not voluntarily, and "**Transferring**" and "**Transferred**" shall have corresponding meanings.

***Capital**

3. *The Authorised Share Capital of the Company is ₹ 20,00,00,000/- (Rupees twenty crores only) divided into 4,00,00,000 (Four Crore) equity shares of ₹ 5/- (Rupees Five only) each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights,*

privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company.

**** Altered vide Special Resolution passed at the Extraordinary General meeting held on 30.04.2018***

Allotment of Shares

4. Subject to the applicable provisions of the Act and these Articles, the shares of the Company shall be under the control of the Directors who may allot or otherwise dispose of the same.

Alteration of share capital

5. Subject to the provisions of Section 61 of the Act and the provisions of these Articles, the Company may, by a resolution passed in the General Meeting:

   (a) increase its Share Capital by such amount and with such terms, rights and conditions as it thinks expedient by issuing new shares for a premium or for a discount;

   (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

   (c) convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denomination;

   (d) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of association of the Company, so that in the sub-division, the proportion between the amount paid and the amount if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or

   (e) cancel shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Dematerialization of Securities

6.

   a. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

   b. Subject to the applicable provisions of the Act, the Company may exercise an option to issue, dematerialize, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act.

   c. If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

   d. Securities in Depositories to be in fungible form:

   e. All Securities held by a Depository shall be dematerialized and be held in fungible form.

   f. Rights of Depositories & Beneficial Owners:

i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

ii. Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

iii. Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.

iv. The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository

v. All the aforesaid provisions with respect to rights of depositories and beneficial owners are subject to Article (s) 8 to 29 of the Articles of Association of the Company.

g. Except as ordered by a court of competent jurisdiction or as may be required by Law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them subject to the Company shall not be bound to register more than 3 (three) persons as the joint holders of any share except in the case of executors or trustees of a deceased member.

h. Register and Index of Beneficial Owners:

The Company shall cause to be kept a register and index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media. The register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a register resident in that state or country.

i. Cancellation of Certificates upon surrender by Person:

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

j. Service of Documents:

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

k. Transfer of Securities

i. Consequent upon the termination of the Shareholders agreement and its provisions contained here in the Articles of the Association of the Company, nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

ii. In the case of transfer or transmission of shares or other Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

iii. All the aforesaid provisions with respect to rights of depositories and beneficial owners with respect to transfer of securities are subject to Article (s) 8 to 29 of the Articles of Association of the Company.

l. Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

m. Certificate Number and other details of Securities in Depository:

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

n. Provisions of Articles to apply to Shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

o. Depository to furnish information:

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

p. Option to opt out in respect of any such Security:

Subject to compliance with applicable Law, if a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Capitalisation

7. The Company, in a General Meeting of the Members, in person or proxy or by any other means, as may be permitted may on the recommendation of the Board with in the permissible provisions of the Companies Act, 2013 and the rules made there under, direct capitalization of the whole or any part of the undivided profits for the time being of the Company or the whole or any part of the Reserve Fund or other funds of the Company including the moneys in the Securities Premium Account and the Capital Redemption Reserve Account or the premiums received on the issue of any shares, debentures or debenture-stock of the Company and that such sum be accordingly set free for the purpose, (1) by the issue and distribution, among the holders of the shares of the Company or any of them, in accordance with their respective rights and interests and in proportion to the amounts paid or credited as paid up thereon, of paid-up shares, debentures, debenture-stock bonds or other obligations of the Company, or

(2) by crediting any shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid up thereon respectively, with the whole or any part of the same.

For the purposes above set out the Company may, subject to the provisions contained in section 63, apply: (i) its free reserves, (ii) the Securities Premium Account subject to the provisions of Section 52(2) of the said Act; (iii) the Capital Redemption Reserve Fund subject to the provisions of Section 55(4) of the said Act; and (iv) such other reserves or account as may be applied for issue of bonus shares.

Reduction of Share Capital

8. Subject to the provisions of Section 66 of the Act, the Company may by a Special Resolution reduce its capital in any way and in particular may:-

(a) extinguish or reduce the liability on any of its shares in respect of the share capital not paid up;

(b) either with or without extinguishing or reducing the liability on any of its shares, cancel any paid up Share Capital which is lost or is unrepresented by available assets; or

(c) either with or without extinguishing or reducing the liability on any of its shares, pay any paid up Share Capital which is in excess of the wants of the Company,

and may, if and so far as is necessary alter its memorandum of association by reducing the amount of its share capital and of its shares accordingly.

Ownership and Share Retention

9. (a) SR and KG shall jointly maintain a direct aggregate voting and economic interest (which interest shall include the right to vote and the right to receive a proportionate share of dividends, profits, liquidation proceeds, and other similar amounts distributed by the Company) in: (i) the Company equal to at least 55% (fifty five per cent) of the Share Capital ("**Sponsors Threshold**"), of which SR shall, subject to the provisions of these Articles, maintain, at all times, a direct aggregate voting and economic interest (which interest shall include the right to vote and the right to receive a proportionate share of dividends, profits, liquidation proceeds, and other similar amounts distributed by the Company) in the Company equal to at least 51% (fifty one per cent) of the Share Capital ("**SR Threshold**"). The Sponsors Threshold shall be deemed to be 65% (sixty five per cent) of the Share Capital if SM is deemed to be a Sponsor in terms of the Shareholders Agreement; provided however that if the shareholding of SM in the Company falls below 15% (fifteen per cent) of the Share Capital, the Sponsors Threshold shall also fall by such amount, subject to Sponsors Threshold being maintained. The Sponsors and SM shall maintain all their shareholding and interests in the Company, free of all Encumbrances or rights of Third Parties (other than as set out in these Articles). The Sponsors and SM shall not, save and except Permitted Transfers as per Article 10 (*Permitted Transfers)* below, Transfer any of their shareholding in the Company, without the prior written consent of the Investors. It is clarified that the Investors shall have the discretion to grant or withhold consent in respect of any such Transfer. In the event the Investors grant consent for any such Transfer, the Sponsors and/or SM shall adhere to the terms and conditions imposed by the Investors (including without limitation the Investors' right to tag along the Equity Shares held by them) at the time of granting such consent.

(b) Subject to the provisions of Article 9 (a) above and Article 13 (*Restricted Transfers*), if a Sponsor or SM wishes to Transfer any Equity Shares or any Share Equivalents to a Person that is not already a Shareholder, it shall require as a condition of the Transfer that such transferee executes an Accession Instrument confirming that it shall be bound by these Articles as a Sponsor in respect of the shares in the Company and/or Share Equivalents Transferred to that transferee.

Permitted Transfers

10. (a) Subject to the maintenance of Sponsors Threshold and SR Threshold, SR and KG shall be entitled to Transfer their respective Equity Shares *inter–se* upon providing a prior written intimation in this regard to the Investors.

(b) SM shall be entitled to Transfer the Equity Shares held by him to only SR, upon providing a prior written intimation in this regard to the Investors. In the event that SR chooses not to acquire all the Equity Shares proposed to be Transferred by SM, such shares shall continue to be held by SM until termination of the Shareholders Agreement.

Permitted Encumbrance

11. The Sponsors jointly and SR in his personal capacity shall not be entitled to create any Encumbrance of any description on any of their or his Equity Shares or Share Equivalents to the extent of Sponsors Threshold or SR Threshold, as the case may be. In other words, to the extent of Sponsors Threshold or as the case may be SR Threshold, no Encumbrance of any description can be created on the Equity Shares or Share Equivalents held by the Sponsors. It is further clarified that SM shall not be entitled to create any Encumbrance of any description on any Equity Share or Share Equivalents held by him in the Company as of the date of execution of the Shareholders Agreement.

12. The Company, the Sponsors and the Board of Directors shall be bound to refuse to recognize any purported Transfer of Equity Shares of the Company or Share Equivalents in violation of these Articles or record or register any such Transfer of such shares or Share Equivalents. Any Transfer made in breach of these Articles shall be null and void.

Restricted Transfers

13. As long as any of the Investors are Shareholders in the Company or hold any Share Equivalents:

(i) the Relevant Parties shall not Transfer any shares in the Company or Share Equivalents to any of the individuals or entities named on (A) lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter; or (B) the World Bank Listing of Ineligible Firms (see www.worldbank.org/debarr);

(ii) the Sponsors shall cause the Company to, and the Company shall, refuse to recognize any purported Transfer of shares in the Company or Share Equivalents in violation of this Article 13 (*Restricted Transfers),* or record or register any such Transfer of shares in the Company or Share Equivalents in its share registry. Any Transfer made in breach of this Article 13 (*Restricted Transfers),* shall be null and void;

14. For avoidance of doubt, Article 13 (i) and Article 13 (ii), shall not apply in the case of sales of shares of the Company or Share Equivalents on any trading market by any of the Sponsors or the Investors after the consummation of a Listing.

Investors' Right to Transfer

15. Each Investor shall be always entitled to freely Transfer the Shares of the Company held by such Investor, subject to the provisions of this Article 15 and Article 29 (*Right of First Offer*), to any Person ("**Investor Third Party Transferee**"), subject to such Person executing a Deed of Adherence. In the event that the proposed Transfer of such beneficial (direct or indirect) interest by any of the Investors is by way of placement with other investors of any shares owned by such Investor, the Company shall, take such steps as may reasonably be deemed necessary by such Investor to facilitate such Transfer by the Investor, including without limitation, access to necessary information and relevant records.

Transfer to Affiliates

16. The provisions of Article 29 (*Right of First Offer)* shall not apply in relation to any Transfer of Investor Shares to any Affiliates of the relevant Investor subject to: (i) such Affiliate executing a Deed of

Adherence, (ii) such Affiliate agreeing to re-transfer such Equity Shares to the relevant Investor (or its Affiliate) upon ceasing to be an Affiliate of such Investor. Notwithstanding anything stated in these Articles, the Investors shall be free to assign all its rights under the Shareholders Agreement including the Special Rights and Investor Director Rights to any of its Affiliates provided such Affiliate (a) executes a Deed of Adherence; and (b) is agreeable to re-assign those Special Rights back to such Investor upon ceasing to be an Affiliate of such Investor. Nothing contained herein shall be construed as permitting both the Investors and the Assignee to enjoy Investor Director Rights simultaneously and there cannot not be more than one Affiliate holding the Special Rights at the same time.

Transfer of Special Rights

17. An Investor may transfer its Special Rights under these Articles to the Investor Third Party Transferee. Only so long as the Investor, or the Investor Third Party Transferee, as the case may be, continues to hold the Rights Threshold, they will be entitled to the Special Rights. "**Rights Threshold**" shall mean holding either the (i) 50% (fifty per cent) of the number of respective Investor Shares held by such Investor reckoned as Shares on a Fully Diluted Basis; or (ii) 5% (five per cent) of the Share Capital of the Company, whichever is lower. Investor concerned has the absolute discretion to transfer the Special Rights to such Investor Third Party Transferee or retain the Special Rights with it until cessation of those rights in terms of the Shareholders Agreement. Both the Investor and the Investor Third Party Transferee shall not be entitled to the right to appoint Investor Director envisaged under Article 72 (*Board Composition)* at the same time. Subject to Rights Threshold, any second and subsequent transferee of the Equity Shares who acquires any shares from such Investor Third Party Transferee, shall be entitled to the Special Rights which may have been transferred to it by the Investor Third Party Transferee. In the event that either of the Investors ceases to hold the Rights Threshold following the Transfer to the Investor Third Party Transferee, such Investor shall no longer be entitled to Special Rights and shall only be entitled to the Essential Rights so long as the Investor concerned continues to hold not less than 2% (two per cent) of the Share Capital of the Company. It is clarified that, except for the Special Rights, which may be transferred pursuant to this Article 17, all other rights of the Investors under the Shareholders Agreement shall be freely transferable by the Investors to any Third Party.

Cessation of Special Rights

18. In the event that any of Investors Transfer more than 70% (seventy per cent) of the number of the Investor Shares reckoned as Shares on a Fully Diluted Basis held by such Investor in one or more Transfer(s), the Investor shall, upon completion of such Transfer(s), cease to have any Special Rights. However the Investor concerned shall be entitled to Essential Rights so long as it continues to hold not less than 2% (two per cent) of the Share Capital of the Company.

Preemptive and Anti-Dilution Rights

19. (a) The Investors shall have the right to subscribe to their respective pro-rata share of New Securities (as defined below) in the manner set out below. The Company and the Sponsors shall ensure that the Investors are protected against any dilution of their shareholding in the Company in the event of any share split, bonus shares, share dividends, consolidation of shares, combinations and such similar events. In the case of a dilution event other than by virtue of transfer of Investor Shares by such Investor to any Affiliate or a Third Party, the Company shall be bound to, and the Sponsors shall be bound to co-operate with the Investors and the Company such that the Company forthwith takes all necessary steps to issue additional Equity Shares or other securities convertible into Equity Shares to the Investors as would enable the Investors to maintain their respective proportion of shareholding reckoned as Shares on a Fully Diluted Basis in the Company in accordance with the terms and conditions of these Articles, in accordance with Applicable Law.

(b) Subject to Article 102 (*Investor Consent Rights*), if the Company proposes to issue New Securities, it shall give the Investors written notice of its intention, describing the type and number of New Securities to be issued, the price at which they are proposed to be issued, the Persons to whom they are proposed to be issued and other terms and conditions of such issuance, and specifying each of the Investor's pro-rata share of such issuance, such that each Investor can maintain the proportion of its shareholding in the Company reckoned as Shares on a Fully Diluted Basis (the "**Issue Notice**"). Each Investor shall have thirty (30) days after the receipt of the Issue Notice (the "**Notification Period**") to give the Company written notice that it agrees to purchase part or all of its pro-rata share of the New Securities for the price and on the terms specified in the Issue Notice (the "**Subscription Notice**"). The Investors may also notify the Company in the Subscription Notice that it is willing to buy a specified number of the New Securities in excess of its pro-rata share of such issuance ("**Additional Securities**") for the price and on the terms specified in the Issue Notice. If the Investors fail to give the notice required under this Article 19 (b) solely because of the Company's failure to comply with the notice provisions of Clause 10.1 (Notices) of the Shareholders Agreement, then the Company shall not issue any New Securities pursuant to this Article 19 and if purported to be issued, such issuance of securities shall be void. An Investor may assign to its Affiliate the right to acquire the securities pursuant to this Article 19.

20. For the avoidance of doubt, the Company shall not issue any New Securities until the expiry of the Notification Period.

21. If any of the Investors has indicated that it is willing to buy Additional Securities, the Company shall give such Investor written notice of the total number of New Securities not taken up by other Shareholders of the Company or any other Third Party, as the case may be ("**Unpurchased Securities**") within five (5) days of the expiry of the Notification Period. Such notice shall specify the particulars of the payment process for the New Securities to be purchased by such Investor pursuant to the Subscription Notice.

22. Within twenty one (21) Business Days after expiry of the Notification Period, the Company shall ensure that the issuance of the New Securities is approved by the Board and/or the Shareholders, (The date of approval of issuance of securities by the Board of Directors shall be known as "Approval Date") as may be required under the Applicable Law.

23. The issue of the New Securities, shall be completed within 21 (twenty one) Business Days of the Approval Date, including

    a. issuance of any securities to any of the Investors based on the Subscription Notice;

    b. if any of the Investors has indicated that it is willing to buy Additional Securities, such Investor shall also subscribe for the lower of the number of Additional Securities and the number of Unpurchased Securities;

    c. the Investor shall pay the relevant consideration to the Company or relevant registrar;

    d. the Company shall register in its share registry and in the name of the Investor the number of New Securities for which the Investor has subscribed; and

    e. the Company shall issue new certificates to the Investor representing the number of New Securities for which the Investor has subscribed.

24. In the event that the issue of the New Securities, is not completed within 21 (twenty one) Business Days from the Approval Date, the provisions of Articles 19 to 28 shall become applicable *de novo*. All Authorisations required in issuing the New Securities shall be obtained by the Company. Any time required to obtain any Governmental Approvals for issuing the New Securities to any of the Investors shall be excluded from the aforementioned 21 (twenty one) Business Days period in Article 23 above.

25. For the purposes of Articles 19 to 28, "**New Securities**" shall mean any shares of the Company or any Share Equivalents, including already existing shares of the Company; provided, that the term "New Securities" does not include:

    a. equity shares (or options to purchase equity shares) issued or issuable to officers, Directors and employees of, or consultants to, the Company pursuant to an employee stock plan that has been approved by the Board of Directors;

    b. equity shares issuable upon the exercise or conversion of Share Equivalents in existence as of the date of the Shareholders Agreement;

c. equity shares issued or issuable in connection with any stock split or stock dividend of the Company;

d. equity shares issued or issuable pursuant to the bona fide acquisition of another Person by the Company by merger, purchase of substantially all of the assets of such Person, or exchange of shares or other transaction, in each case, approved by the Board of Directors; and

e. equity shares issued or issuable as part of the Listing.

26. In the event of an issue of, or subscription to, any New Securities, notwithstanding the Investors' subscription or participation in such issuance, if the Company offers any New Securities at a price that is lower than the price per Equity Share paid by the Investor with respect to the subscription to the Investor Shares, such Investors' subscription price per Investor Share shall be adjusted in a manner acceptable to the Investor, in accordance with Applicable Law, such that the average price of such Investor with respect to all its Investor Shares shall be equal to the lowest price at which the New Security is issued. In the event that any such adjustment requires any Authorisations and / or Governmental Approvals, the Company and the Sponsors shall make best efforts to obtain such Authorisations and / or Governmental Approvals. At the time of any event contemplated in this Article 26, the Company and the Sponsors shall be bound to co-operate with the Investors such that the Company forthwith takes all necessary steps to issue additional equity shares and/or preference shares or any Share Equivalents (as the Investors may choose) to the Investors at the lowest price permissible under Applicable Law and/or compensate the Investors in any other manner (as the Investors may choose) in accordance with the terms and conditions of this Article.

27. The Company and the Sponsors shall not, without the prior written consent of the Investors, grant rights or terms of investment to any Person that are more favourable than those offered to the Investors under these Articles. If the Investors consent to such investment, then the same rights shall also be provided to the Investors.

28. The Company shall not issue any Equity Shares or Share Equivalents to any Person unless such Person:

a. executes a Deed of Adherence confirming that it shall be bound by the Shareholders Agreement as a Shareholder in respect of all Equity Shares in the Company and/or Share Equivalents held or to be held by such Person and promptly provides copies of such executed Deed of Adherence to each of the other parties to the Shareholders Agreement; and

b. delivers to each of the other Parties to the Shareholders Agreement: (i) a Certificate of Incumbency and Authority in a form as set out in Schedule 2 of the Shareholders Agreement; (ii) a copy of the applicable corporate documentation of such Person authorizing the execution of the Deed of Adherence and the subscription or purchase of the applicable Equity Shares in the Company and/or Share Equivalents; and (iii) any other documentation reasonably requested by any party to the Shareholders Agreement.

Right of First Offer - Investor Transfer

29. In the event that any of the Investors proposes to Transfer ("**Selling Investor**") all or any portion of Equity Shares held by it in the Company and/or Share Equivalents (the "**Transfer Shares**"), such Selling Investor shall first give a notice thereof (the "**RFO Notice**") to the other Investor ("**Non Selling Investor**") and SR (the "**Offeree Sponsor**") setting forth the number of Transfer Shares proposed to be Transferred. The Non Selling Investor and Offeree Sponsor shall be collectively referred to as the "**Offerees**". Such RFO Notice shall not be amended by the Selling Investor till the expiry of the Offering Period.

a. Within thirty (30) Business Days from receipt of the RFO Notice (the "**Offering Period**"), each of the Offerees shall have an option to acquire up a pro-rata portion of the Transfer Shares, based on the proportion that their respective shareholding in the Company bears to their aggregate shareholding in the Company ("**Acceptance Shares**"), by delivering a written notice (the "**Acceptance Notice**") to the Selling Investor either (i) stating the number of Acceptance Shares it is willing to acquire and the price per Transfer share it is willing to pay ("**Offer Price**") or (ii) its refusal to purchase the Transfer Shares. In the event that any of the Offerees do not exercise their right to acquire all the Acceptance Shares that such Offeree was eligible to acquire, the other Offeree shall have the right to additionally acquire such additional Transfer Shares not acquired by such Offeree by issuance of a separate Acceptance Notice in this regard at the Offer Price. For this purpose, simultaneous with the issue of an Acceptance Notice, each Offeree issuing such Acceptance Notice, shall inform in writing to all the other Offerees the number of Acceptance Shares he / it intends to acquire from the Selling Investor. Each Acceptance Notice shall be irrevocable.

b. In the event the Offerees;

(i). are unwilling to purchase the Transfer Shares for any reason whatsoever and have not offered an Offer Price for the Transfer Shares, or

(ii). fail to respond to the RFO Notice within the prescribed time, the Offerees shall be deemed to have rejected the right of first offer set out in this Article 29, in which event, the Selling Investor shall be entitled to sell the Transfer Shares to any Investor Third Party Transferee on such terms and conditions as it deems fit; or

(iii). have submitted the Acceptance Notice within the Offering Period, but the Offer Price is not acceptable to the Selling Investor, then the Selling Investor shall be entitled to sell the Offer Shares to a Investor Third Party Transferee, at a price which is not less than the Offer Price and on the same terms and conditions as offered to the Offerees.

c. The entire sale and purchase of the Transfer Shares to the Investor Third Party Transferee (if applicable) shall be completed within a period of 120 (one hundred and twenty) Business Days from the expiry of the Offering Period.

d. If an Offeree delivers a timely Acceptance Notice, which is acceptable to the Selling Investor, the same shall constitute a binding agreement to acquire the relevant Transfer Shares. On the Sixtieth (60) Business Day after the end of the Offering Period (or such other date as may be agreed in writing by the Selling Investor and the Offerees who have delivered an Acceptance Notice) (the "**RFO Closing date**"), the Selling Investor shall transfer the relevant number of Transfer Shares, calculated in accordance with Article 29 to each Offeree that has delivered an Acceptance Notice and each such Offeree shall pay to the Selling Shareholder, the purchase price for such number of Transfer Shares at the Offer Price set out in the Acceptance Notice, provided that the Selling Investor shall have no obligation to transfer any Transfer Shares unless the Selling Shareholder receives payment in full of the purchase price for the Transfer Shares from the relevant Offeree that has delivered an Acceptance Notice. Between the end of the Offering Period and the RFO Closing Date, each Offeree that has delivered an Acceptance Notice shall obtain any Authorisations, if required in connection with the transfer of the Transfer Shares before the RFO Closing Date.

e. The Selling Investor shall not make (or be required to make) any representation or warranty to the Offeree that served an Acceptance Notice, other than good title to the Transfer Shares, absence of Encumbrances with respect to the Transfer Shares, customary representation and warranties concerning the Selling Investor's power and authority to undertake the proposed transfer, and the validity and enforceability of the Selling Investor's obligations in connection with the proposed transfer.

f. If (I) the Selling Investor does not receive payment in full of the purchase price for all the Transfer Shares on the RFO Closing Date; or (II) any Authorisation required in connection with the transfer of the Transfer Shares has not been obtained by the RFO Closing Date, then the Selling Investor shall be free to transfer all or any part of the Transfer Shares to the Investor Third Party Transferee within a period of 120 (one hundred and twenty) Business Days after the RFO Closing Date (as the case may be) at a price per Transfer Share not less than the minimum price per Transfer Share specified in the RFO Notice. If the Selling Investor does not complete the transfer within such period, any subsequent proposed Transfer by it of some or all of the Transfer Shares shall again be subject to the provisions of this Article 29.

30. No Transfer may be made pursuant to Article 29 above, unless the transferee of the Transfer Shares executes a Deed of Adherence and unless the transferee complies in all respects with the other applicable provisions of these Articles and Applicable Law.

Investors' Right to Exit

Qualified IPO

31. On or before the expiry of 42 (forty two) months from the Closing Date ("**IPO Deadline Date**"), the Company shall and the Sponsors shall cause the Company to complete an IPO of the Company at the price that shall be at least the Qualified IPO Price ("**Qualified IPO**"), which shall be undertaken in the manner set out in Article 32 below.

32. The Company and the Sponsors shall seek the prior written consent of the Investors, which shall not be unreasonably withheld by the Investors, to determine all key matters with respect to the Qualified IPO including, the timing of undertaking such Qualified IPO, offer price per Equity Share, the mode of the issue, the size of the issue, the lead managers and merchant banker, legal counsel, and such related matters in relation to the Qualified IPO, which may be undertaken by way of (i) a fresh issuance of Equity Shares and/or (ii) an offer for sale of existing Equity Shares. In case the Qualified IPO comprises an offer for sale of the Equity Shares from the existing Shareholders, (a) the Investors shall have the right, but not the obligation, to participate in the Qualified IPO by offering for sale, at their sole discretion, up to 75% (seventy five per cent) of the Equity Shares, being offered for sale in such Qualified IPO ("**Investor Aggregate Limit**"), proportionate to their respective shareholding in the Company, or such other mutually agreed proportion inter - se the Investors and (b) the Sponsors and SM shall have the right to offer up to 25% (twenty five per cent) of the Equity Shares, being offered for sale in such Qualified IPO, proportionate to their respective shareholding in the Company or such other mutually agreed proportion between the Sponsors and SM. In the event that any of the Investors choose not to offer all the Equity Shares that it may be entitled to offer in such offer for sale, the other Investor may, utilize any part of whole of such unutilized portion of the Investor and offer such additional Equity Shares held by it up to the maximum Investor Aggregate Limit.

Investor Request Qualified IPO

33. At any time after the expiry of the IPO Deadline Date, any Investor ("**IPO Requesting Investor**") may, obligate the Company to undertake an IPO at the Qualified IPO Price ("**Investor Request Qualified IPO**") as per the provisions of Articles 33 to 38, by delivering a written notice in this regard to the Company, the Sponsors and the other Investor ("**IPO Request Notice**"). Within a period of 30 (thirty) Business Days from the date of the IPO Request Notice, the other Investor shall have the right to, but not the obligation to deliver a written notice to the Company, the Sponsors and the IPO Requesting Investor ("**IPO Consent Notice**"), to participate in the Investor Request Qualified IPO, in the same capacity as the IPO Requesting Investor, and the other Investor shall, upon delivery of such notice also be deemed to be an IPO Requesting Investor for the purposes of the Articles 33 to 38. In the event such other Investor elects to not participate in the Investor Request Qualified IPO, such Investor shall be deemed to be a Non-Participating Investor for the purpose of the Articles 33 and 36.

34. The Investor Request Qualified IPO may be undertaken by way of an Offer for Sale ("**OFS**") with or without a fresh issuance of Equity Shares.

35. With respect to an OFS, the IPO Requesting Investor shall have the right, but not the obligation, to offer for sale such number of its Equity Shares as it may desire leaving the remaining quantity of Equity Shares that may be offered in such Investor Request Qualified IPO, for being utilized by the Investor who has not delivered a IPO Consent Notice for the Investor Request Qualified IPO ("**Non-Requesting Investor**"), SM and Sponsors (between them Non Requesting Investor enjoying a preference).

36. The minimum number of Equity Shares to be issued in order to consummate a Listing as per Applicable Law shall be known as Minimum IPO Size. The difference between (a) the Minimum IPO Size and (b) the aggregate number of Equity Shares proposed to be offered through OFS by all the parties under Article 35 above shall be deemed to be the Shortfall. Such Shortfall shall be made up by a fresh issuance of Equity Shares and / or the Sponsors, SM and the IPO Requesting Investor may be required to offer for sale, the Equity Shares held by them, proportionate to their respective shareholdings in the Company or

such other mutually agreed proportion between them, such that the total number of Equity Shares being offered in such OFS, complies with the Minimum IPO Size. It is expressly clarified that the Non-Participating Investor shall have the right but not the obligation to tender Equity Shares held by it to make good the Shortfall, at its sole discretion.

37. The objective of the parties shall be to facilitate and ensure consummation of the Investor Request Qualified IPO.

38. The IPO Requesting Investor will have the right to determine, in conjunction with the Company, all key matters with respect to the Qualified IPO including the timing of undertaking such Qualified IPO, offer price per Equity Share, the mode of the issue, the size of the issue, the lead managers and merchant banker, legal counsel, and such related matters in relation to the Qualified IPO except that the IPO Requesting Investor will have no right to obligate the IPO Non-Requesting Investor to offer its Equity Shares in the Qualified IPO.

Other IPO

39. Notwithstanding and without prejudice to the obligations regarding a Qualified IPO or an Investor Request Qualified IPO, Sponsors have the right, but with the prior written consent of the Investors, at any time prior to the IPO Deadline Date, to commence an Initial Public Offer ("**Other IPO**").

Terms Applicable to any IPO

40. The Company and the Sponsors shall take all such steps, and extend all cooperation to each other, the Investors and the investment banks, lead managers, underwriters and other persons, including any Authority, as may be required for the purpose of expeditiously making and completing an IPO, including (i) preparing and signing the relevant offer documents; (ii) conducting road shows with adequate participation of senior management; (iii) entering into appropriate and necessary agreements; (iv) providing all necessary information and documents required to prepare the offer documents; (v) filing of offer documents with appropriate Authorities; and (vi) obtaining necessary consents from relevant Persons in relation to such a IPO, as the case may be. The Company and the Sponsors shall ensure that the Qualified IPO or the Investor Request Qualified IPO, as the case may be, complies with Applicable Law and listing requirements of any Relevant Market.

41. The Company and the Sponsors shall ensure that the Investors, shall not, upon listing or sale of the Equity Shares, held by it, be required to give any warranties or indemnities to any underwriter, broker, Relevant Market, any Authority or any other Person other than in relation to title of the Equity Shares held by it.

42. Subject to Applicable Law, all costs, charges, fees and expenses, including those of the merchant banker and any other agents, banks, managers or advisors involved with the IPO, incurred in connection with the same shall be borne and paid by solely the Company.

43. The Company shall comply with all ongoing listing costs and requirements including, inter alia, payment of all present and future costs relating to the listing and sponsorship, underwriting fees, listing fees, merchant bankers fees, bankers fees, brokerage, commission and any other costs that may be incurred due to the changes to the Applicable Law for the time being in force and all intermediaries, agents and managers shall be appointed by the Company in consultation with the Investors and at the cost of the Company.

44. The Company and the Sponsors shall jointly and severally indemnify the Investors and their respective Affiliates, as well as their officers against any losses arising out of any misrepresentation, inadequate disclosure or incorrect and misleading information contained either in the IPO prospectus or other publicity material and/or future representation and information or any violation of Applicable Law (including but not limited to, securities laws and exchange requirements applicable to any Offering).

45. Subject to Applicable Law, the Company and the Sponsors shall ensure that such percentage as prescribed under Applicable Law, of the Share Capital of the Company, reckoned as Shares on a Fully Diluted Basis, is issued / sold to the public pursuant to Articles 31 to 38.

46. Subject to Applicable Law, the Company shall ensure that the Investors and / or their Affiliates and SM are not in any way liable or responsible for the prospectus to be filed by the Company or otherwise classified as a "promoter" of the Company for any purpose whatsoever in relation to such IPO.

47. In the event of a Qualified IPO or a Investor Request Qualified IPO, if the Equity Shares of the Investors may be subject to any mandatory "close periods", "lock-ups" or other restrictions on Transfer under the rules of the relevant stock exchange on which the Equity Shares are to be listed or any other requirement of Applicable Law, then: (i) the Sponsors shall (A) first offer the Equity Shares held by them pro rata *inter - se* the Sponsors (or in such ratio as they may mutually decide) to satisfy any requirements under Applicable Law relating to restrictions on Transfer, (B) ensure that any Equity Shares held by the Investors are not subject to any such lock-up restrictions, and (C) take such actions under Applicable Law (with the prior approval of the Investors) as are necessary to ensure that the Equity Shares held by the Investors are not subject to any such lock-up restrictions; and (ii) notwithstanding the foregoing, if the Equity Shares held by the Investors are subject to mandatory "lock-up" restrictions, then the Sponsors shall also subject the Equity Shares held by them to similar "lock-up" restrictions that are binding on the Investors (pursuant to contract or otherwise) to the same extent as the restrictions imposed on the Investors.

48. Subject to the provisions of these Articles, during the period in which the Company undertakes the Qualified IPO or the Investor Request Qualified IPO, as the case may be, and subsequent to the completion of the Qualified IPO or the Investor Request Qualified IPO, as the case may be, to the maximum extent permitted by Applicable Law, the provisions of the Shareholders Agreement incorporated in these Articles shall continue to apply and such provisions of the Shareholders Agreement shall continue to be incorporated in the Charter Documents.

49. In the event of any initial public offering, subject to Applicable Law, the Company and the Sponsors shall ensure that all Equity Shares of the Company and Share Equivalents (upon their conversion) are included in the Listing such that Investors Shares will be freely tradable by Investors immediately following the Listing.

Exit Rights

50. If the Company and / or the Sponsors fail to complete the Qualified IPO or the Investor Request Qualified IPO within a period of 54 (Fifty Four) months from the Closing Date ("**Exit Trigger Date**"), then the Investors may, by notice to the Sponsor and the Company ("**Exit Option Notice**"), require the Sponsors and/or the Company, subject to Applicable Law including the receipt of the requisite Governmental Approvals, the sale of all or some of the Investor Shares at the higher of the (A) FMV Price and (B) at a price which would result in an IRR of 18% (Eighteen) on the Aggregate Subscription Amount, as the case may be, calculated from the respective Investment Dates till the date of the Exit Trigger Date ("**Exit Option Price**"), by adopting either or all of the following:

   a. to cause the Company to buyback all or part of the Equity Shares held by the Investors ("**Buyback Shares**") in accordance with Applicable Law (including the Act), and procure that the Company shall pay to the Investors, the relevant Exit Option Price for the Buyback Shares after complying with all requirements of Applicable Law for a Buyback of shares (including those of Section 68 of the Act) ("**Buyback**") and (a) the Company shall effect such Buyback; (b) the Sponsors shall not tender any Equity Shares owned by them in such Buyback. In relation to a Buyback, only if the Exit Option Price is not permissible to be paid by the Company to the Investors under Applicable Law, then the Exit Option Price in relation to such Buyback shall be the highest price permitted to be paid by the Company to Investors in relation to the Buyback under Applicable Law; and / or

   b. to require the Sponsors to (i) identify a suitable purchaser to purchase the Investor Shares, at the best possible price in accordance with the RBI guidelines and Applicable Law, which price shall in any event not be lower than the Exit Option Price and (ii) to ensure completion of the Transfer of the Investor Shares to such purchaser at the Exit Option Price in accordance with the RBI pricing guidelines and Applicable Law.

51. The options set out in Article 50 above, are collectively referred to as "**Exit Options**" and individually as "**Exit Option**". Notwithstanding the provisions of Article 50 above, the Investors shall have the right

to identify a suitable purchaser to purchase the Investor Shares from the Investors at the Exit Option Price or such price higher than the Exit Option Price, in accordance with the RBI pricing guidelines and Applicable Law, at the sole option of the Investors and the Company and the Sponsors shall provide the Investors and such Third Party purchaser identified by the Investors with all such assistance and cooperation as may be required to ensure completion of the Transfer of the Investor Shares to such Third Party purchaser.

52. All expenses with respect to the determination of the FMV Price shall be borne by the Company.

53. In case of a sale to a Third Party pursuant to Articles 50 and 51, the Sponsors and the Company will provide all reasonable assistance as may be required to transfer the Investor Shares to such Third Party, provided further that the Investors shall only be required to provide representations to such Third Party regarding the title of the Investor Shares.

54. The Sponsors shall extend full support and co-operation to the Investors and shall take all necessary steps to assist the Investors in consummating the transaction pursuant to the exercise of the Exit Option (s) by the Investors. The Sponsors and the Company shall be required to complete the transactions pursuant to the exercise of the Exit Option (s) no later than 66 months from the Closing Date.

55. Each Party shall bear its own expenses in connection with the Exit Option (s), provided however that any taxes (save and except the Investor's income tax liability), duties, charges including stamp duty that are payable in connection with the Exit Option shall, subject to Applicable Law, be to the account of the Company.

56. The Sponsors and the Company shall reasonably co-operate with the Investors for procuring and maintaining all Governmental Approvals as may be required by the Investors for effectuating any Transfer of Investor Shares to any Person pursuant to Articles 50 and 51.

57. Notwithstanding anything contained in these Articles, it is clarified that in the event of any conflict between the Exit Option Price for the Exit Option initiated by either Investor, the Exit Option Price shall be the higher of the (A) FMV Price and (B) the price which would result in an IRR of 18% (eighteen per cent) on the Aggregate Subscription Amount, calculated from the respective Investment Dates till the date of the Exit Trigger Date.

58. Notwithstanding anything contained hereinabove and without prejudice to the provision stated in Article 57, the Sponsors and the Company may, with the written consent of each of the Investors, proceed to initiate a Qualified IPO or an Other IPO even after the expiry of the period of 54 months referred to in Article 50 with a view to providing an exit to the Investors.

59. Notwithstanding anything contained herein above, in the event: (a) the Company and/or the Sponsors are unable to complete the transactions pursuant to the exercise of the Exit Options by the Investors, within a period of 66 months from the Closing Date; or (b) the Additional Put Trigger Event (as defined in the Amended and Restated Put Option Agreement) occurs at any time during the Additional Put Trigger Period (as defined in the Amended and Restated Put Option Agreement), IFC shall be entitled to exercise the put option with respect to IFC Initial Shares in accordance with the terms of the Amended and Restated Put Option Agreement. The Sponsors, SM and the Company shall extend full support and co-operation to IFC and shall take all necessary steps to assist IFC in exercising the put option with respect to all IFC Initial Shares under the Amended and Restated Put Option Agreement.

Term and Termination

60. Save as aforesaid, it is expressly clarified that upon a Listing, all the Articles contained herein corresponding to the relevant provisions of the Shareholders Agreement, shall stand terminated except for the Articles as set forth below:

    a) subject to Applicable Law and as long as the Investor concerned continues holding at least 30% of its Investor Shares reckoned as Shares on a Fully Diluted Basis, Article 75 (*Investor Director*) and Article 80 (*Removal / Replacement / Resignation of Investor Directors*) shall survive and continue to be in full force or effect in relation to such Investor; and

b) the provisions of Article 110 (*Policy Covenants*), Articles 121 to 124 (*Indemnity*), and Article 128 (*Invalid Provisions*) shall survive and continue in relation to an Investor as long as such Investor holds any Investor Shares.

Preference Shares

61. On the issue of redeemable preference shares the following provision shall take effect:

(a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.

(b) No such shares shall be redeemed unless they are fully paid.

(c) The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed.

(d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend be transferred to a reserve account to be called, "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the Share Capital of the company shall except as provided under Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up Share Capital of the Company.

(e) Subject to the provisions of Section 55 of the Act and these Articles, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and failing that in such manner as the Directors may think fit.

Variation of Rights, Voting Rights and Share Certificates

62. Subject to the provisions of these Articles, the rights attached to the shares of any class may be varied with the consent, in writing, of the holders of not less than three-fourths ($3/4^{th}$) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class, provided that the variation of the rights and terms of the Investor Shares or any shares or Share Equivalents held by the Investors shall require the prior written consent of the Investors.

63. Each equity share shall carry one (1) vote on a poll.

64. If the share certificate is defaced, lost or destroyed, it may be renewed on such terms as the Board may direct as to evidence and indemnity in investigation of such evidences. The expenses, if any, incurred by the Company on such investigation shall be reimbursed on such terms as the Directors think fit.

Company's lien on shares partly paid-up

65. The Company shall have a first and paramount lien for any moneys due from such Shareholder towards calls made on shares, or for any debts, or liabilities due to the Company solely or jointly with any other person, whether the period for the payment fulfillment or discharge thereof shall have actually become due or not:

a. on all shares registered in his name; and

b. on all dividends and bonuses declared in respect of such shares.

***Restrictions on Transfer and transmission of shares**

66. The Board may, subject to the right of appeal conferred by the Section 58 of the Act decline to register,

(i) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(ii) any transfer of shares on which the Company has a Lien.

67. No fees shall be payable in respect of Transfer or transmission of shares.

***Altered pursuant to conversion of the Company from private to public approved vide special resolution passed at the Extraordinary General Meeting held on 30.04.2018**

Forfeiture of shares

68. If a Shareholder fails to pay any call or installment of a call on the day appointed for payment thereof, or within the extended time fixed thereof, the Board may, at any time thereafter, during such time as such money remains unpaid, serve a notice on him requiring payment together with any interest which may have accrued.

69. The notice aforesaid shall:

a. name a further day (not less than 14 days from the date of notice) at which the money is to be paid; and

b. state that in the event of non-payment within the stipulated time the shares in respect of which the same is owing will be liable to be forfeited.

70. If the requisitions of any such notice as aforesaid are not complied with, every or any share in respect of which the notice is given may, at any time thereafter, before payment of all calls, installments, allotment moneys, interest or expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Authority of Board and Management

71. Subject to the provisions of these Articles and the Act, the Board is entitled to exercise all the powers of the Company and shall collectively be responsible for making policy decisions pertaining to the management of the affairs of the Company. The powers and responsibilities of the Directors of the Company shall be according to the Act, and in Table 'F' thereof except in so far as they stand modified by the provisions of these Articles.

Board Composition

72. The number of Directors shall not be less than 5 (five) or more than 12 (twelve) and the Directors shall be appointed within these limits from time to time. The Board shall always have at least 1 (one) Independent Director.

73. The following director shall be Director for life, unless they resign or vacate office as per the provisions of the Act:

Sri. S.Ravi

Any other Director or Directors may be appointed by a resolution of the Board or by the Company in its General Meeting and such Director so appointed shall hold office for such period and upon such terms and conditions as may be stated in such resolution. The Board may also appoint Additional Directors in accordance with the provisions of the Act.

No Share Qualification

74. Any person, whether a Shareholder or not, may be appointed as a Director. No qualification by way of holding shares in the capital of the Company shall be required of any Director.

Investor Director

75. Subject to the provisions of Article 18 (*Cessation of Special Rights)*, and Article 60 (*Term and Termination)* of these Articles, each Investor shall have a right but not an obligation to nominate one (1) Director each. The nominee appointed by IFC ("IFC Director") and the nominee of Marina III Director")] shall collectively be referred to as the "Investor Directors" and individually as the "Investor Director". The Company, the Sponsors and SM shall procure that each of the Investor Directors is appointed to the Board in accordance with Applicable Law. The Investor Directors shall be non-executive Directors, shall not be responsible for the day-to-day Management of the Company and shall not be liable for any failure by the Company to comply with Applicable Law. The Company shall nominate any of the Directors or other senior officers of the Company other than the Investor Directors as "person in charge" as contemplated under Applicable Law and shall make their best efforts to ensure that the Investor Directors are not included within the scope of "officer who is in default" under Applicable Law. The Investor Directors shall not be required to hold any qualification shares. In the event that any notice or proceedings have been filed against any of the Investor Directors, the Company, the Sponsors and SM shall take all necessary steps to ensure that name of such Investor Director is excluded / deleted and the charges / proceedings against such Investor Director are withdrawn and shall also take all steps to defend such Investor Director against such proceedings and the Company shall pay all costs, damages, fines, levies etc. that may be levied against such Investor Director.

Nominee Director for Lenders

76. If as per the terms of agreement or arrangement in respect of any loan or borrowing by the Company from any Government, bank, finance institution or any body corporate the right is given to the lender for the appointment of a Director or Directors with the power to remove such Director or Directors, in the event of a Director or Directors being appointed or vacating his office by resignation or otherwise then such appointment or resignation shall be supported by the Board notwithstanding anything to the contrary contained in these Articles. The Director or Directors so appointed shall not be liable to retirement by rotation and they will not be taken into account in determining the retirement by rotation of Directors. If the Director or Directors so appointed ceases to be a Director by resignation or otherwise, the reappointment or fresh appointment as the case may be shall be done in accordance with the agreement entered into between the Company and the lender.

Appointment of Managing/ Whole Time/ Executive Directors and their remuneration

77. The Board may from time to time appoint one or more of their body to the office of managing directors/ whole time directors/ executive directors for such term, on such remuneration (whether by way of salary (including perquisites) or a commission or partly by one and partly by another) as they may think fit. Their appointment shall cease *ipso facto* if the person concerned ceases from any cause to be a Director.

Alternate Director

78. The Board of Directors of the Company may appoint an alternate director ("Alternate Director") to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three (3) months from the State in which the meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director shall be entitled to notice of meetings as the Directors and to attend and vote thereat accordingly. Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of office of the Original Director is terminated before he returns to the State, any provisions in the Act or in these Articles for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director. The appointment of an Alternate Director shall not constitute an addition to the strength of the Board and the number of Original Directors alone will be counted in order to ascertain the maximum strength of the Board as provided in Article 72 (*Board Composition*). Any vacancy arising in the office of an Alternate Director shall not create any vacancy in the Board of Directors.

79. The Investors shall be entitled to nominate Alternate Director(s) to the Directors nominated by them, to act in accordance with the Act and shall issue a written notice to the Company providing the name and contact address of such Alternate Director ("**Alternate Director Nomination Notice**"). The Board shall

appoint the Alternate Directors so nominated by the respective Investors in their meeting immediately following, the receipt of such Alternate Director Nomination Notice. The Investors shall also have a right to withdraw their respective nominated Alternate Director(s) and nominate another person to act as an Alternate Director to their respective Investor Director instead. The Sponsors shall take all such actions, including exercising their respective votes in relation to the Equity Shares controlled by each of them, as may be required to cause any Alternate Director so nominated to be duly appointed.

Removal / Replacement / Resignation of Investor Directors

80. Each Investor may require the removal of the Investor Director nominated by such Investor at any time and shall be entitled to nominate another person as its Investor Director in place of any such Investor Director so removed in the manner as provided by a notice in writing to the Company. In the event of the resignation, retirement or vacation of office of any Investor Director, the Investor appointing such Investor Director shall be entitled, subject to Article 72 (*Board Composition*), to nominate another person in place of such Investor Director and the Sponsors and SM shall, ensure, to the fullest extent of all rights and powers available to them, that such nominee is promptly appointed as a Investor Director, as per the provisions of the Act and in accordance with Applicable Law.

Committees of the Board

81. The Board may constitute such committees, as it deems appropriate, consisting of such member(s) of the Board, to the extent permitted under Applicable Law and in accordance with the Corporate Governance Improvement Plan and shall also frame the terms governing such committees, including the terms of reference and the composition of such committees. Each Investor may, at its option, nominate the Investor Director, in any committee which may hereafter be constituted by the Board as per the Corporate Governance Improvement Plan, including a committee constituted for the purpose of an initial public offering by the Company or any fund raising committee and the Board shall ensure that such Investor Director is nominated to such committee. However it is made clear that the each of the Investor Directors shall have the right to be present and take part only as an invitee in any discussion relating to Specified Matters, in any audit committee, if and when constituted, with a mandate and scope of powers that includes any of the Specified Matters**.**

Procedures and Meetings of the Board

82. Subject to Applicable Law, the Board shall meet at least once every quarter of each Financial year, and at least 4 (four) meetings of the Board shall be held in each calendar year subject to an annual schedule and confirmation of the date of the next Board meeting at the previous Board meeting. Provided the gap between any two meetings shall not be more than 120 days.

83. Written notice of each meeting of the Board shall be given to all the Directors and their duly appointed alternates, if any, as provided under Article 78 and 79 (*Alternate Director*). Written notice of a meeting under this Article 83 shall be sent to the address, notified from time to time by the Directors and their alternates, if any, at least 15 (fifteen) days in advance of such meeting provided that where, exceptionally, the Board is required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, such notice requirements may be waived by a majority of the Directors.

84. An agenda setting out in detail the items of business proposed to be transacted at a meeting of the Board together with necessary information and supporting documents shall be circulated to each of the Directors and their alternates, if any along with the notice for such meeting of the Board or at least 10 (ten) days prior to the date of meeting. Provided where the agenda includes any matter which is specified under Article 102 (*Investor Consent Rights*), the agenda shall be sent to Directors as soon as may be possible but within 3 (three) days of issue of notice of meeting of the Board. Provided any waiver granted with respect to notice under Article 83 shall *mutatis mutandis* apply to agenda under this Article. Notwithstanding anything contained herein, no decisions shall be taken by the Board with respect to matters specified in Article 102 (*Investor Consent Rights*) without each Investor's prior written consent.

Quorum at Board Meetings

85. (a) Subject to the provisions of the Act, the quorum for a meeting of the Board, duly convened and held, shall be a majority of the Directors then in office, including an Independent Director, at the beginning of the meeting.

(b) In the absence of a valid quorum at a meeting of the Board, duly convened, the meeting shall be adjourned and reconvened to the same time and place not earlier than 10 (ten) days but no later than 21(twenty-one) days thereafter as the Chairman may determine or if the Chairman is not present, at such time and place as may be agreed to by the majority of the Directors, with the same agenda. The quorum requirements as set out in Article 84 (a) above shall also be applicable at such adjourned meeting.

Votes

86. Each Director is entitled to cast 1 (one) vote at any meeting of the Board. The Chairman of the Board or chairman of any committee thereof, or of any meeting of the shareholders of the Company shall not have a casting vote, in case of equality of votes at such meeting. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board or, in the case of a circular resolution, the signature of a majority of the Directors to whom the resolution is circulated.

Telephonic/Video Participation

87. Directors may, subject to Applicable Law, participate in meetings of the Board through tele-conference or by way of audio - video conference facilities, in compliance with Applicable Law (including the Act and the Information Technology Act, 2000).

Resolution by circulation or written consent

88. Subject to Applicable Law, no resolution shall be deemed to have been duly and validly passed by the Board, or by a committee thereof, by circulation or written consent, unless the resolution has been circulated in draft form, together with all the necessary details required to make a fully-informed, good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, to all Directors, whether in India or outside India at their usual address, and has been approved, in writing, by a majority of such of the Directors entitled to vote on the resolution, provided that if such resolution relates to a matter set out in Article 102 (*Investor Consent Rights*), such decisions shall be taken in accordance with Article 102 (*Investor Consent Rights*).

Sitting Fees and Remuneration for Non-Executive Directors

89. Directors, other than managing, whole-time and executive directors, shall be paid out of the funds of the Company, such amount as sitting fees, as the Board may decide from time to time, for each meeting of the Board or any committee thereof, attended by him and any reasonable expenses incurred by him in attending such meeting. Subject to applicable provisions of the Act and these Articles, non-executive Directors may also be paid remuneration as the Board may decide from time to time.

Sitting Fees and Commission for the Investor Directors

90. The Investor Directors shall also be entitled to all the rights and privileges of other non-executive Directors and the Investor Directors shall also be entitled to the sitting fees, commission and reimbursement of actual out-of-pocket expenses, as set out in these Articles; provided that if any Investor Directors are officers of the Investors, the sitting fees or commission in relation to the Investor Directors shall accrue to the Investor, and the same shall accordingly be paid by the Company directly to the Investors. Provided further that if the fees or commission mentioned in this Article cannot be paid to the Investors as a result of any provision in Applicable Law, then such fees or commission shall be paid to the Investor Directors.

Director Expenses

91. The Directors shall be paid all reasonable out of pocket expenses incurred in India (such as domestic travel, boarding and lodging expenses) by the Company for attending any shareholders' meetings of the Company and Board meetings including meetings of the Board committees and any other expenses incurred in India by the Directors in the course of fulfilling their duties and obligations as Directors of the Company.

Directors' Access

92. Directors shall be entitled, during normal business hours of the Company and with prior reasonable written notice, to examine the books of accounts and records of the Company and to reasonably inspect the properties and facilities of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company, as the Directors may reasonably require. The Investor Directors may provide such information to the respective Investors by whom they have been nominated.

Powers of Borrowing

93. Subject to Section 179 and Section 180 of the Act, the Board of Directors may from time to time, raise or borrow any sums of money for and on behalf of the Company from the Shareholders or other Persons, companies or Banks, or Directors may themselves advance money to the Company on such terms and conditions as may be approved by the Board.

Issue of Debentures, etc.

94. The Board of Directors, may from time to time, secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by issue of debentures or bonds of the Company or by a mortgage or charge on all or any part of the property of the Company and of its uncalled capital for the time being.

Issue of Securities at Discount, Premium, etc.

95. Any debentures, bonds or other securities may be issued at discount, premium or otherwise and on such terms and conditions as may be decided by the Board of Directors / Shareholders in accordance with Applicable Law and the provisions of these Articles.

Contracts with Directors

96. Subject to the provisions of the Act and these Articles, the Directors are permitted to enter into contracts, subject to Applicable Law, with the Company for sale to, or purchase of goods from the Company, or for availing services from the Company or for rendering services to the Company, provided each contract is approved by the Board individually.

97. Disclosure of interest in proposed contract

98. Subject to Applicable Law, a Director may attend, take part in the discussions and vote in the meetings of the Board where a contract in which such Director is interested, is entered into by the Company, provided that the Director who is interested directly or indirectly in a contract has disclosed his interest therein before it is entered into.

Board may fill up casual vacancy

99. If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire in the normal course, the resulting casual vacancy may be filled at a meeting of the Board, which shall be subsequently approved by members in the immediate next general meeting, if required as per the provisions of the Act. Any persons so appointed shall hold office only to the date upto which the Director in whose place he is appointed would have held office, if he had not vacated office as aforesaid.

General Meetings

100. (a) Subject to the provisions of Applicable Law, not less than 21 (twenty-one) days' prior written notice, of all General Meetings, unless a shorter notice period is consented to by all the Shareholders entitled to vote at such General Meeting, shall be given to the Shareholders at their respective addresses notified by them to the Company in writing.

(b) An agenda and accompanying materials setting out the business proposed to be transacted at a General Meeting shall be circulated by the Company to the Shareholders at the same time as the Notice referred to in Article 100 (a) above is circulated. No business shall be transacted at any General Meeting duly convened and held other than that specified in the Notice without the prior consent of all Shareholders. In relation to matters specified under Article 102 (*Investor Consent Rights)*, which may require the approval of the Shareholders under Applicable Law or as per the Charter Documents, the Notice and the agenda for such meeting shall specifically mention that the item of business for such matter requires the prior written consent of the Investors. Notwithstanding anything contained herein, no decisions shall be taken at the General Meeting with respect to matters specified in Article 102 (*Investor Consent Rights)*, without each Investor's prior written consent

(c) The Board shall provide the Company's previous Financial Year's Audited Financial Statements to all Shareholders at least 21 (twenty-one) days before the annual general meeting which is held to approve and adopt such Audited Financial Statements, unless a shorter period is consented to by all the shareholders entitled to vote at such General Meeting. The notice for such General Meeting shall specify that it is the annual general meeting of the Company.

(d) The quorum for a General Meeting shall be at least 2 (two) Shareholders holding at least 50% (fifty per cent) of the Share Capital, present in person or by proxy, or by corporate representative.

(e) Subject to Applicable Law and the provisions of these Articles, resolutions may be passed at a General Meeting by a vote of a majority of the shares present at the meeting. The voting shall be by way of poll, unless otherwise agreed in writing by the Shareholders present at such General Meeting.

(f) In the absence of a valid quorum at a General Meeting, duly convened, the meeting shall be adjourned and reconvened at the same time and place not earlier than 10 (ten) days but no later than 21 (twenty-one) days thereafter as the chairman may determine, with the same agenda. The quorum requirements set out in Article 100 (d) shall also be applicable at such reconvened meeting provided that if 2 (two) such consecutive reconvened meetings are inquorate, the quorum for the next meeting shall be reduced to 2 (two) shareholders holding at least 35% (thirty five per cent) of the Share Capital.

(g) Shareholders may, subject to Applicable Law, participate in General Meetings through tele-conference or by way of audio - video conference facilities, in compliance with Applicable Law (including the Act and the Information Technology Act, 2000).

(h) The provisions of this Article 100 (*General Meeting*) shall apply, *mutatis mutandis*, to meetings of any class of Shareholders.

Complete Effect

101. Subject to Applicable Law, the Sponsors and SM shall exercise their voting rights in respect of its Equity Shares at any General Meeting, and shall take all other actions necessary, to give effect to the provisions of these Articles. In addition, each Shareholder shall vote its Equity Shares at any General Meeting upon any matter submitted for action by the Shareholders or with respect to which the Shareholders may vote and shall cause its Directors on the Board to vote, in conformity with the specific terms and provisions of these Articles to the extent legally permissible to give complete legal effect to the provisions of the Shareholders Agreement. The Parties shall use their best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under Applicable Law to consummate or implement expeditiously the transactions contemplated by, and the agreements and understanding

contained in these Articles and the Shareholders Agreement. The Shareholders shall vote their Equity Shares and shall take all other action necessary or required, to ensure that at all times the Charter Documents facilitate, and do not conflict with, the provisions of the Shareholders Agreement.

Investor Consent Rights

102. The Board shall not and shall ensure that the Company and each of its Subsidiaries shall not take any decisions or actions, with respect to the following matters, without the prior written consent of each of the Investors and all matters in relation to the following decisions and actions, shall be mandatorily be required to be referred to the Board or a committee of the Board in which the Investor Director has been appointed by the Board:

(a) amend or repeal the Company's Charter Documents or the Charter Documents of any Subsidiary;

(b) (i) other than in connection with the issuance of the Investor Subscription Shares, create, authorize or issue any shares in the capital of the Company, Share Equivalents or other equity security in the Company ranking *pari passu* with the Investor Shares, with respect to any matter, including, without limitation, dividend rights, voting rights or liquidation preference;

(ii) other than in connection with the issuance of the Investor Subscription Shares, create, authorize or issue any shares in the capital of the Company, Share Equivalents or other equity security in the Company having a structural or legal preference over, or ranking senior to the Investor Shares, with respect to any matter, including, without limitation, dividend rights, voting rights or liquidation preference;

(c) authorize or undertake any arrangement for the disposal of: (i) more than 10%(ten per cent) (by value) of the assets or business of the Company or any Subsidiary, whether in one or a series of transactions; or (ii) any shares of any Subsidiary that results in the Company owning (directly or indirectly) less than 26%(twenty six per cent) of any Subsidiary;

(d) any amalgamation, partnerships, merger, consolidation, reconstitution, restructuring or similar transaction that results in a change in Control of the Company or any Subsidiary;

(e) authorize or undertake any Liquidation Event;

(f) (i) authorize or undertake any Listing, any Offering of the shares of the Company or any Subsidiary

(ii) authorize or undertake any delisting (unless required by Applicable Law) of the shares of the Company or any Subsidiary;

(g) authorize or undertake any change of capital structure including but not limited to increase or reduction of capital or share repurchase, other than any repurchase of shares of the Company or Share Equivalents issued to or held by employees, officers, Directors or consultants of the Company or its Subsidiaries pursuant to an employee stock plan (that has been previously approved in writing by the Investors) upon termination of their employment;

(h) the sale, transfer or assignment of all or substantially all of the Intellectual Property rights as such (including those relating to copyrights, trademarks, patents and designs) of the Company or any of its Subsidiaries, taken as a whole, other than in the normal course of business;

(i) any change in the Business of the Company or any of its Subsidiaries;

(j) authorising or entering into any partnership or profit sharing agreement whereby the Company's income or profits are or might be, shared with any other Person except for commissions paid in the normal course of business;

(k) authorising or undertaking any acquisition of business or undertaking by the Company whether by way of acquisition of shares or assets in excess of Rs.300,000,000 (Rupees Three Hundred Million);

(l) removing or replacing the Auditor or changing the Financial Year;

(m) any capital expenditure in excess of the limits specified in the Approved Business Plan by Rs. 300,000,000 (Rupees Three Hundred Million);

(n) (i) For the period between the date of execution of the Shareholders Agreement and March 31, 2013, incurring any Borrowing which would result in (provided such Borrowing is not in breach by the Company of any financial covenants in any agreements with its lenders): (a) Long Term Borrowings of the Company exceeding Rs.5,000,000,000 (Rupees Five Billion); or (b) Short Term Borrowings of the Company exceeding Rs.2,000,000,000 (Rupees Two Billion).

(ii) For the period after March 31, 2013, incurring any Borrowing which would result in (provided such Borrowing is not in breach by the Company of any financial covenants in any agreements with its lenders): (a) Long Term Borrowings of the Company exceeding 1.75 times of the Net Worth of the Company as per the Audited Financial Statements of the Company as at the end of the Financial Year immediately preceding the Financial Year in which the question arises; or (b) Short Term Borrowings of the Company exceeding 25% (twenty five per cent) of the projected sale of goods and services as per the latest Approved Business Plan; or (c) Total Debt of the Company exceeding 4 times of the Average EBITDA.

(o) material transactions, agreements or arrangements between the Company or its Subsidiaries with any Related Parties in excess of Rs. 30,000,000 (Rupees Thirty Million) for any Financial Year, in the aggregate, whether in a single transaction or in a series of transactions.

Provided that the aforesaid limits shall not be applicable to the following:

a. Aggregate managerial remuneration (including but not limited to commissions) to be paid collectively to the Sponsors, subject to (i) a maximum fixed managerial remuneration (which shall be payable irrespective of adequacy of profits) of Rs. 20,000,000 (Rupees Twenty million) for the Financial Year ended March 31, 2013, Rs. 25,000,000 (Rupees Twenty Five Million)for the Financial Year ended March 31, 2014 and Rs. 30,000,000 (Rupees Thirty Million) for the Financial Year ended March 31, 2015 and (ii) a further aggregate commission not exceeding 7% (seven per cent) of post tax profits of the Company for each respective Financial Year as aforesaid, determined as per the Audited Financial Statements for that Financial Year after deducting therefrom the sum paid or payable as the fixed managerial remuneration; and

b. Transactions with Joint Ventures of the Company, subject to a maximum aggregate value (without any netting of transactions) of Rs. 300,000,000 Rupees Three Hundred Million) for the Financial Year ended March 31, 2013; Rs. 500,000,000 (Rupees Five Hundred Million) for the Financial Year ended March 31, 2014; and Rs. 700,000,000 (Rupees Seven Hundred Million) for the Financial Year ended March 31, 2015.

Provided further that transactions between the Company and its wholly owned subsidiaries shall not be construed to be falling under this Clause.

(p) authorising or entering into any obligation outside the normal course of business which could involve the payment of amounts in excess of Rs. 100,000,000 (Rupees One Hundred Million) per annum whether in a single or in a series of transactions;

(q) declaration or payment of any dividend or other Distribution (whether in cash, securities, property or other assets) on any class of Equity Shares or Share Equivalents in excess of the dividend policy duly approved by the Board of Directors;

(r) termination, and/ or effecting of any amendment to the terms of any of the Joint Venture where such amendment may have an adverse impact on the interests of the Investors and/or the Company; and

(s) any material changes to or deviations from the Approved Business Plan.

Board supermajority requirements

103. The Board shall not and the Company and Sponsors shall ensure that the board of directors of each of its Subsidiaries shall not, without the unanimous approval of all the Directors, including the Investor Directors and the Independent Director, if appointed, (in case of the Company) and all the directors on the board of directors, (in case of the Subsidiaries) present at a quorate meeting of the Company or Subsidiaries, as the case may be, directly or indirectly declare, authorize or make any Distribution in relation to any shares or Share Equivalents of the Company or (shares or share equivalents of any Subsidiary) inconsistent with the applicable Charter, other than reductions of capital or repurchases of shares or Share Equivalents of the Company or (shares or share equivalents of any Subsidiary) issued to or held by employees, officers, directors or consultants (other than the Sponsors or a Related Party) of the Company or its Subsidiaries pursuant to any employee stock plan, upon termination of their employment at a price not greater than the fair market value.

Corporate Governance Improvement Plan

104. The Company, SM and the Sponsors shall cause the proper and timely implementation of the Corporate Governance Improvement Plan. The Sponsors shall oversee the implementation of the Corporate Governance Improvement Plan. The Board of Directors shall periodically, consistent with the deadlines set forth in the Corporate Governance Improvement Plan, provide written reports to the Investors on the progress of implementation of the Corporate Governance Improvement Plan and any delays in implementation or deviations from the agreed Corporate Governance Improvement Plan.

Entitlement to Special Rights

105. The entitlement of each of Investors or as the case may be the Investor Third Party Transferee to Special Rights shall be subject to Articles 17 (*Transfer of Special Rights*), 18 (*Cessation of Special Rights*), and 60 (*Term and Termination*) of these Articles.

General Reporting Covenants

106. (a). The Company shall furnish to the Investors the following information

(i) within 90 (ninety) days after the end of each Financial Year, annual financial statements (a balance sheet as of the end of such Financial Year and the related statements of income, shareholders' equity and cash flows for the Financial Year then ended) for the Company on a consolidated and an unconsolidated basis and for each of its Subsidiaries, audited in accordance with the Accounting Standards and certified by the Auditors, or as the case may be the auditors of the Subsidiaries concerned, along with a consolidating statement prepared by the Auditors, and a copy of all management letters delivered by the Auditors;

(ii) within 45 (forty-five) days after the end of each quarter of each Financial Year, unaudited quarterly financial statements (a balance sheet as of the end of such quarter and the related statements of income, shareholders' equity and cash flows for the quarter then ended) for the Company and each of its Subsidiaries, on an unconsolidated basis, prepared in accordance with the Accounting Standards;

(iii) no later than 45 (forty-five) days before commencement of each Financial Year, the proposed Business Plan, and following the approval of the same by the Board, the Approved Business Plan;

(iv) no later the 5 (five) days from the date of approval of any revision to Approved Business Plan by the Board, such Approved Business Plan, with the relevant revisions;

(v) the notification as required under Article 113 (b) (Reporting of Sponsor Conditions); and

(vi) within 45 (forty-five) days after the end of each quarter of each Financial Year, an update on any proceeding, action or development in relation to the proceedings set out in Schedule 7 of the Shareholders Agreement (Proceedings in relation to Registration of Trademarks).

(b) The Board, shall, and the Sponsors shall make best efforts to have one of the Big Four Audit Firms appointed, as the new Auditors of the Company for the Financial Year commencing from April 1, 2013 or at least for the Financial Year commencing from April 1, 2014. No later than 30(thirty) days after any change in Auditors, the Company shall issue an authorization (in substantially the same form as Schedule 5 (*Form of Letter to Company's Auditors*) of the Shareholders Agreement) to the new Auditors (authorizing them to communicate directly with the Investors at any time regarding the Company's financial statements, accounts and operations) and provide a copy thereof to the Investors.

(c) The Company shall promptly provide to the Investors such information as the Investors from time to time request with regard to any material developments in or affecting the Company's, and/or any of its Subsidiaries' and/or any of the Joint Ventures' Business.

(d) Each Business Plan and Approved Business Plan shall be to the satisfaction of the Investors.

(e) Following a Listing, unless the Shareholders Agreement is terminated prior to the Listing in accordance with the terms of the Shareholders Agreement, the Investors may, by notice to the Company, elect not to receive any of the information described in this Article 106 *(General Reporting Covenants)*. In this case, the Company shall provide the Investors with copies of all information publicly disclosed and/or filed, in compliance with the rules and regulations of Relevant Market on which any of its securities are listed and any Applicable Law.

Company Reporting Covenants

107. (a) The Company shall promptly notify the Investors upon becoming aware of any:

(i) litigation or investigations or proceedings which have or may reasonably be expected to have a Material Adverse Effect, including any update, development or further notice, proceeding or action in respect of the proceedings set out in Schedule 7 of the Shareholders Agreement (*Proceedings in relation to Registration of Trademarks*); or

(ii) any criminal investigations or proceedings against the Company or any Relevant Party, and any such notification shall specify the nature of the action or proceeding and any steps that the Company proposes to take in response to the same.

(b) Upon the Investors' request, and with reasonable prior notice to the Company, the Company shall permit the Investor Directors or any other representative of the Investors duly authorized by the respective Investors in writing and duly notified to the Company and Sponsors and the CAO, during normal office hours, to:

(i). visit any of the sites and premises where the Business of the Company or its Subsidiaries is conducted;

(ii). inspect any of the sites, facilities, plants and equipment of the Company or its Subsidiaries;

(iii). have access to the books of account and all records of the Company and its Subsidiaries; and (iv). have access to key managerial personnel, major contractors and sub-contractors carrying out not less than 5% (five per cent) of the total value of the turnover of the Company and its Subsidiaries who have or may have knowledge of matters with respect to which the Investors or the CAO seeks information;

Provided that: (A) no such reasonable prior notice shall be necessary if special circumstances so require and (B) in the case of the CAO, such access shall be for the purpose of carrying out the CAO's Role.

108. The Company shall:

a. within 90(ninety) days after the end of each Financial Year, deliver to the Investors, the Annual Monitoring Plan consistent with the requirements of the Shareholders Agreement confirming compliance with the Action Plan, the social and environmental covenants of the Shareholders Agreement and Applicable S&E Law or, as the case may be, identifying any non-compliance or failure, and the actions being taken to remedy any such deficiency;

b. within 3(three) days after its occurrence, notify the Investors of any social, labor, health and safety, security or environmental incident, accident or circumstance having, or which could reasonably be expected to have, any material adverse social and/or environmental impact or any material adverse impact on the implementation or operation of the Business in compliance with the Performance Standards, specifying in each case the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures the Company is taking or plans to take to address them and to prevent any future similar event; and keep the Investors informed of the on-going implementation of those measures;

c. within 90(ninety) days after the end of the expiry of any of the insurance policies referred to in Annex B to the Shareholders Agreement (*Minimum Insurance Requirements*), a certificate from an Authorized Representative confirming that, as of the date of such certificate, the Company maintains the insurance policies required to be maintained as in Annex B to the Shareholders Agreement (*Minimum Insurance Requirements*) and providing a detailed explanation of any material changes, if any in such insurance policies.

109. Following a Listing, unless the Shareholders Agreement is terminated prior to the Listing in accordance with the terms of the Shareholders Agreement, any of the Investors may, by notice to the Company, request the Company to provide such Investor with copies of all information publicly disclosed and/or filed, in compliance with the rules and regulations of the Relevant Market on which any of the Company's securities are listed and any Applicable Law.

Policy Covenants

110. (a) Sanctionable Practices

(i) Each of the Relevant Parties shall not engage in (nor authorize or permit any Affiliate or any other Person acting on its behalf to engage in) any Sanctionable Practice with respect to any shareholding in the Company or any Business;

(ii) In the event that any of the Relevant Parties become aware of any violation of Article 110 (a)(i) above, it shall promptly notify the Investors; and

(iii) If any of the Investors notify the Company and/or any other Relevant Party of its concern that there has been a violation of Article 110 (a)(i), the Company and any other such Relevant Party shall cooperate in good faith with such Investor and its representatives in determining whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from such Investor, and shall furnish documentary support for such response upon such Investor's request

(b) Affirmative Environmental Covenants

The Company shall and shall ensure that each of its Subsidiaries shall:

(i) implement the Action Plan and undertake the Business in compliance with the Performance Standards and Applicable S&E Law; and

(ii) periodically review the form of the Annual Monitoring Report and advise the Investors as to whether revision of the form is necessary or appropriate in light of changes to the Business and revise the form of the Annual Monitoring Report, if applicable, with the prior written consent of the Investors.

(c) Negative Environmental Covenant

The Company shall not amend the Action Plan or the format of the Annual Monitoring Report in any material respect without the prior written consent of the Investors.

(d) UN Security Council Resolutions

The Company shall not and shall ensure that each of its Subsidiaries shall not enter into any transaction or engage in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter.

(e) Shell Banks

The Company shall not and shall ensure that each of its Subsidiaries shall not conduct Business or enter into any transaction with, or transmit any funds through, a Shell Bank.

(f) Insurance

The Company and its Subsidiaries shall, at all times, insure and keep insured, at a minimum level equivalent to the requirements set forth in Annex B of the Shareholders Agreement (*Minimum Insurance Requirements*), with a financially sound and reputable insurer or insurers, all of its assets and business which can be insured, against insurable losses, and maintain any other insurance required by Applicable Law.

Other Affirmative Covenants

111. The Company shall:

(a) undertake its Business, activities and investments, and cause each of its Subsidiaries to undertake their Business, activities and investments, in compliance with Applicable Law;

(b) undertake all transactions with Related Parties on an arm's length basis, in compliance with Applicable Law and ensure that all transactions with Related Parties are placed before and approved by the Board;

(c) adopt and maintain a policy, in form and substance satisfactory to the Investors, designed to maximize its ownership of Intellectual Property developed or acquired in the course of its operations, which policy shall require the Company to: (i) cause all material technological developments, patentable or unpatentable, inventions, discoveries or improvements by the Company's or any of its Subsidiaries' officers or employees to be documented in accordance with the appropriate professional standards; and (ii) cause all officers and key employees, and to the extent practicable, consultants of the Company and its Subsidiaries, to enter into non-disclosure and proprietary rights agreements in customary form, approved by the Board of Directors;

(d) ensure that actions of the Company in respect of, or in connection with each of the Joint Ventures are in compliance with the terms of these Articles.

Other affirmative covenants of the Sponsors

112. (a) Each of the Sponsors (i) shall conduct the Business exclusively through the Company or a Subsidiary of the Company; (ii) other than through the medium of the Company or through a Subsidiary of the Company, shall not (directly or indirectly), in any capacity, including, for their own account or as agent, employee, officer, director, consultant, investor, or shareholder or equity owner of any other Person, establish, develop, undertake, manage, finance, invest in, carry on or assist in carrying on or be engaged, concerned, interested or employed in or provide technical, commercial or professional advice to any other business, enterprise or venture which is engaged in the business or which supplies goods and / or services which are competitive with the Business; (iii) shall not acquire or hold, directly or indirectly, equity shares or share equivalents of any Subsidiary other than through the Company; and (iv) shall direct all commercial opportunities (related to the Business) that are or become known to them to the Company.

(b) Each of the Sponsors shall devote a substantial amount of their time, energy and resources to the operation and Management of the Company and the Subsidiaries.

(c) Notwithstanding the foregoing, the acquisition of any business or undertaking by the Sponsors whether by way of acquisition of assets or shares, in excess of Rs. 200,000,000 (Rupees Two Hundred Million) will be subject to specific prior written approval from the Investors.

(d) The provisions of this Article 112 shall apply *mutatis mutandis* to SM in the event and during such times that SM is directly or indirectly in Control of the Company.

SM Designation as Sponsor

113. (a) As of the date of execution of the Shareholders Agreement, SM holds 12.89% (twelve point eighty nine per cent) of the Share Capital. Upon the occurrence of any of the following events, SM shall automatically be deemed to be included within the definition of the term 'Sponsor' and shall be treated as one of the Sponsors along with SR and KG:

i. SM is appointed on the Board of the Company; and/or;

ii. SM's shareholding in the Company equals to 15% or more of the economic interest in the Company, including as represented by the equity share capital, held by him reckoned as Shares on a Fully Diluted Basis; and/or;

iii. SM is directly or indirectly in Control of the Company,

then notwithstanding anything to the contrary herein, SM shall be designated, and included as a Sponsor (in addition to SR and KG) and at the Investor's option, shall be bound and be required to comply with the obligations of the Sponsors under the Shareholders Agreement. Following, SM's inclusion and designation as Sponsor, if so required by the Investors, (I) the Shareholders Agreement may be amended as appropriate, (II) SM may be required to execute such amended Shareholders Agreement or such other documents and the Investors may specify in connection with his designation as Sponsor, and (III) the Company shall and the Sponsors and the other Shareholders shall procure that the Company shall amend the relevant Charter to reflect the amendments to the Shareholders Agreement as aforesaid

(b) **Reporting of Sponsor Conditions:**

Within 2 (two) days of:

(i) SM being appointed as a Director on the Board or ceasing to be a Director on the Board; or

(ii) SM's shareholding in the Company increasing above 15% (fifteen per cent) of the Share Capital reckoned as Shares on a Fully Diluted Basis or ceasing to be less than

15% (fifteen per cent) of the Share Capital reckoned as Shares on a Fully Diluted Basis; and / or

SM acquiring or ceasing to be in Control of the Company, the Company and SM shall notify the Investors of the same.

Common seal

114. The Company shall have a common seal (the "**Seal**") and the Directors shall provide for the safe custody thereof. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Board and in the presence of at least 1 (one) Director and of the secretary of the Company or such other person as the Board may appoint for the purpose and they shall sign every instrument to which the Seal shall be affixed in their presence. Such signature shall be conclusive evidence of the fact that the seal has been properly affixed.

Accounts and audit books of accounts to be kept

115. The managing director, or in case the office of managing director remains vacant, the Board shall cause true accounts to be kept of the assets and liabilities and of all sums of money received and expended by the Company.

116. Subject to the provisions of Section 128 of the Act, the books of accounts shall be kept at the registered office of the Company or at such other places as may be decided by the Directors and shall be open to inspection by the Directors. No Shareholder, not being a Director, shall have any right of inspection of any account, or book or document of the Company except to the extent conferred by Applicable Law or authorized by the Company in General Meeting.

Profit and Loss Account and Balance Sheet

117. At each annual general meeting, the Directors shall lay before the Company a balance sheet and a statement of profit and loss account as provided in the Act.

Audit Report

118. The Auditor's report shall be attached to every profit and loss account and balance sheet.

Directors' Report

119. The Directors' report shall be attached to every such balance sheet, stating the conditions of the Company and the amount, if any, which they recommend as dividend or bonus to the Shareholders. The Directors' report, balance sheet and profit and loss account together with all annexures and attachments thereto shall be approved by the Board and duly authenticated as per the provisions of Sections 134 of the Act respectively.

Secrecy

120. Subject to other provisions of these Articles, no person, shall be entitled to visit or inspect the Company's properties without the consent of the Board or the managing director or to require disclosure of any information regarding the details of the Company's working, trading and any other matters in the nature of trade secrets which in the opinion of the managing director may not be expedient in the interests of the Company to communicate to the public.

Indemnity

121. The Company and each of the Sponsors (each, an "**Indemnifying Party**") shall indemnify, and hold harmless each of the Investors and their respective officers, directors, employees, agents and representatives (each, an "**Indemnified Party**"), from and against any and all losses, Claims, damages, liabilities, and expenses (including fees, charges and disbursements of counsel) which may be incurred by or asserted against any Indemnified Party arising out of, in connection with, or related to: (i) the execution, delivery or performance of the Shareholders Agreement or any Transaction Document or any

other agreement or instrument contemplated thereby or the consummation of the subscription to the Investor Shares or any other transactions contemplated under the Shareholders Agreement ; (ii) as a result of any misrepresentation, false, inaccurate or misleading statement or breach of any representation or warranty made by the Indemnifying Party in the Shareholders Agreement; (iii) any failure by any Indemnifying Party to perform any covenant or obligation or agreement or undertaking under the Transaction Documents; or (iv) any actual or prospective Claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnified Party is party thereto; provided that such indemnity will not be available to any Indemnified Party to the extent that such losses, claims, damages, liabilities or expenses resulted directly from such Indemnified Party's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

122. The rights of Indemnified Parties pursuant to these Articles shall be in addition to and not exclusive of, and shall be without prejudice to, any other rights and remedies available to such Indemnified Party at equity or law including the right to seek specific performance, rescission, restitution or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby.

123. The Sponsors shall not have any right for any reason to seek contribution or reimbursement from, or make any claim against or claim any restitution against, the Company or the Subsidiaries in respect of any indemnification payments to be made by them to the Indemnified Parties under these Articles. Neither the Company nor any of its Subsidiaries shall, nor shall they have any obligation to, reimburse the Sponsor for any such amounts.

124. To the extent the payment by the Company or the Sponsors of any indemnification payment has been agreed by them or held by a court of competent jurisdiction to be due and payable pursuant to the provisions of these Articles shall be subject to receipt of any Governmental Approvals, the Company and the Sponsors shall be responsible for obtaining all such Governmental Approvals or consents and shall make all applications and take all steps required to obtain the same.

Indemnity against contract

125. Without prejudice to the provisions of Articles 121 to 124, and subject to Applicable Law, every Director and other officer or servant of the Company shall be indemnified against loss incurred in connection with the performance of their duties to the Company out of the assets of the Company and in this regard, it shall be duty of the Board to pay all the costs, losses and expenses which any such officer or servant may incur or become liable to by reason of contracts entered into or acts or things done by such officer or servant as such or in any way in the rightful discharge of his duties as such officer or servant.

Indemnity against other events

126. No Director or other officer of the Company shall be liable for the acts, deceits, neglect or default of any other Director or officer joining in any deceit or other act, or any loss or expense happening to the Company through the insufficiency or deficiency of a title to any property acquired by order of the Board for and on behalf of the Company, or for the insufficiency or deficiency of any security of investment in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous acts of any persons with whom any moneys, securities or effects, shall be deposited, or for any loss, occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

Addition of Shareholders

127. From time to time, and in accordance with these Articles, one or more Shareholders may be added as a Sponsor or Relevant Party by their execution and delivery of an Accession Instrument.

Invalid Provisions

128. If any provision of these Articles is held to be illegal, invalid or unenforceable under any law from time to time: (a) such provision will be fully severable; (b) these Articles will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and (c) the remaining

provisions of these Articles will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance here from.

Effect of Changes in Shareholders Agreement

129. Any valid and binding variation or amendment or termination or any other change to the Shareholders Agreement or any clause thereof, all of which are collectively referred to as 'Changes' shall ipso facto apply to these Articles as if the alteration corresponding to such Changes have been duly made to these Articles also and these Articles shall be construed accordingly.

The existing Article No. 3 has been deleted, Article No. 6, 6A, 6B has been renumbered as 5, 6, 7 and consequently Article No.4 to 128 has been renumbered as Article No.3 to 129.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder may be inspected at our Registered and Corporate Office, from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

A. ***Material Contracts to the Offer***

1. Offer Agreement dated June 8, 2018 entered into amongst our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated June 8, 2018 entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer.

3. Cash Escrow Agreement dated [●] entered into amongst our Company, the Selling Shareholders, the BRLMs, Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Registrar to the Offer.

4. Share Escrow Agreement dated [●] entered into amongst the Selling Shareholders, our Company and a share escrow agent.

5. Syndicate Agreement dated [●] entered into amongst the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer.

6. Underwriting Agreement dated [●] entered into amongst our Company, the Selling Shareholders, the BRLMs and Syndicate Members.

7. Monitoring Agency Agreement dated [●] entered into amongst our Company, the Selling Shareholders and Monitoring Agent.

B. ***Other Material Contracts in relation to our Company***

1. Shareholders Agreement dated July 2, 2010 amongst our Company, our Promoter, S. Murali, K. Gomatheswaran and IFC and amended by the Shareholders Agreement dated July 3, 2012 amongst our Company, our Promoter, S. Murali, K. Gomatheswaran, IFC and Standard Chartered Private Equity (Mauritius) II Limited.

2. Deed of Adherence dated March 17, 2017 amongst our Company, our Promoter, S. Murali, K. Gomatheswaran, IFC, Standard Chartered Private Equity (Mauritius) II Limited and Marina.

3. Waiver letter dated March 29, 2018 issued by Marina and IFC.

4. Put Option Agreement dated July 2, 2010 amongst our Company, our Promoter, S. Murali, K. Gomatheswaran and IFC and the Amended and Restated Put Option Agreement dated July 3, 2012 amongst our Company, our Promoter, S. Murali, K. Gomatheswaran, IFC and Standard Chartered Private Equity (Mauritius) II Limited.

5. Joint Venture Agreement dated June 21, 2007 between our Company and Carl Stahl Hebetechnik GmbH (previously known as Carl Stahl International GmbH).

6. Joint Venture Agreement dated October 22, 2007 between our Company, Mitsubishi Corporation, Mitsubishi Corporation India Private Limited and Mitsubishi Corporation Technos.

7. Personal guarantees given to lenders of our Company by Srinivasan Ravi.

8. Board resolution dated December 15, 2016 and Shareholders' resolution dated April 30, 2018 laying down terms and conditions of appointment and remuneration of Srinivasan Ravi.

9. Board resolution dated August 25, 2016 and Shareholders' resolution dated April 30, 2018 laying down terms and conditions of appointment and remuneration of Ravi Gauthamram.

10. Board resolution dated July 1, 2017 and Shareholders' resolution dated April 30, 2018 laying down terms and conditions of appointment and remuneration of Chandramohan Natarajan.

11. Employment contract dated November 4, 2016 with respect to terms and conditions of appointment and remuneration of Chandramohan Natarajan.

C. *Material Documents in relation to the Offer*

1. Memorandum of Association and Articles of Association as amended until date.

2. Certificate of incorporation dated July 18, 1986 upon incorporation and fresh certificate of incorporation dated May 4, 2018 consequent upon conversion to a public limited company.

3. Board resolutions dated March 30, 2018 and May 24, 2018 and Shareholders' resolution of our Company April 30, 2018 authorizing the Offer and other related matters.

4. Board resolution dated May 24, 2018, approving this Draft Red Herring Prospectus.

5. Resolution of the IPO committee of the Board dated June 8, 2018, approving this Draft Red Herring Prospectus.

6. Consent letters from Srinivasan Ravi dated March 26, 2018, Marina dated March 22, 2018, IFC dated March 20, 2018 and K. Gomatheswaran dated April 28, 2018, being the Selling Shareholders authorizing their respective portions of the Offer for Sale.

7. Copies of the annual reports of the Company for the Financial Years 2017, 2016, 2015, 2014 and 2013.

8. The examination reports of the Statutory Auditors, PKF Sridhar & Santhanam LLP, Chartered Accountants, on the Restated Financial Information included in this Draft Red Herring Prospectus.

9. Consent of the Auditors, PKF Sridhar & Santhanam LLP, as referred to, in their capacity and for inclusion of their examination reports on the Restated Financial Information in the form and context in which it appears in this Draft Red Herring Prospectus.

10. Consent of our Auditors, PKF Sridhar & Santhanam LLP for inclusion of the statement of tax benefits in the form and context in which it appears in this Draft Red Herring Prospectus.

11. Consents of our Directors, our Chief Financial Officer, our Company Secretary and Compliance Officer, Legal Counsel to the Company as to Indian Law, Legal Counsel to the BRLMs as to Indian Law, Legal Counsel to the Investor Selling Shareholders, BRLMs, the Bankers to our Company, lenders to our Company (where such consent is required), Registrar to the Offer, Syndicate Member(s), Escrow Collection Bank(s) and the Monitoring Agent to act in their respective capacities.

12. Report titled "*Studying the Automotive and Industrial Engineering Business in India*" dated May, 2018 prepared by CRISIL Research and its consent dated June 7, 2018, for use of such report or any extract thereof.

13. In-principle listing approvals dated [●] and [●] from BSE and NSE, respectively.

14. Tripartite Agreement dated May 24, 2018 amongst our Company, NSDL and the Registrar to the Offer.

15. Tripartite Agreement dated May 16, 2018 amongst our Company, CDSL and the Registrar to the Offer.

16. Due diligence certificate to SEBI from the BRLMs, dated June 8, 2018.

17. SEBI final observation letter (Ref. No. [●]) dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus 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 shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS AND THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

(Srinivasan Ravi)
(Chairman and Managing Director)

(Ravi Gauthamram)
(Whole-time Director)

(Chandramohan Natarajan)
(Whole-time Director)

(Udai Dhawan)
(Nominee Director)

(Chandrashekar Bhide)
(Independent Director)

(Kallakurichi Kanniah Balu)
(Independent Director)

(Sundararaman Kalyanaraman)
(Independent Director)

(Vijaya Sampath)
(Independent Director)

(Sivakumar Gopalan)
(Chief Financial Officer)

Date: June 8, 2018

Place: Coimbatore

DECLARATION BY SRINIVASAN RAVI, AS A SELLING SHAREHOLDER

I, Srinivasan Ravi, hereby confirm that all statements and undertakings specifically made by me in this Draft Red Herring Prospectus in relation to myself, as a Selling Shareholder and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements including statements made by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

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Srinivasan Ravi

Date: June 8, 2018

Place: Coimbatore

DECLARATION BY MARINA III (SINGAPORE) PTE LIMITED, AS A SELLING SHAREHOLDER

We, Marina III (Singapore) Pte Limited, hereby confirm that all statements and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements including statements made by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of Marina III (Singapore) Pte Limited

Name: Paul Grose

Designation: Director

Date: June 8, 2018

Place: Singapore

DECLARATION BY INTERNATIONAL FINANCE CORPORATION, AS A SELLING SHAREHOLDER

We, International Finance Corporation, hereby confirm that all statements and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements including statements made by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of International Finance Corporation

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Name: Ramesh Ramanathan

Designation: Manager

Date: June 8, 2018

Place: Mumbai

DECLARATION BY K. GOMATHESWARAN, AS A SELLING SHAREHOLDER

I, K. Gomatheswaran, hereby confirm that all statements and undertakings specifically made by me in this Draft Red Herring Prospectus in relation to myself, as a Selling Shareholder and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements including statements made by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

K. Gomatheswaran

Date: June 8, 2018

Place: Coimbatore