DRAFT RED HERRING PROSPECTUS
Dated December 9, 2020
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 193.

Corporate Identity Number: U28991TZ1986PLC001816

Registered and Corporate Office: Senthel Towers, IV Floor, 1078, Avanashi Road, Coimbatore 641 018, Tamil Nadu, India; **Tel**: (91 422) 716 5000;

Contact Person: Shainshad Aduvanni, Company Secretary and Compliance Officer; **Tel**: (91 422) 716 5000;

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 ₹ 1,500.00 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 4,521,450 EQUITY SHARES COMPRISING UP TO 130,640 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 1,414,050 EQUITY SHARES BY INTERNATIONAL FINANCE CORPORATION ("IFC") (MARINA, TOGETHER WITH IFC, THE "INVESTOR SELLING SHAREHOLDERS"), AND UP TO 1,417,500 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 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 ALL EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND ALL EDITIONS OF [●] (A WIDELY CIRCULATED TAMIL NEWSPAPER, TAMIL BEING THE REGIONAL LANGUAGE IN COIMBATORE WHERE OUR REGISTERED OFFICE IS SITUATED), AT LEAST TWO 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, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

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. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, 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 also by indicating the change on the websites of the BRLMs, and at the terminals of the members of the Syndicate and by an intimation to the Designated Intermediaries and the Sponsor Bank.

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**") read with Regulation 31 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 ₹ [●] million. The Offer is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the 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, 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 the QIB Category (excluding the Anchor Investor Portion) for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the 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. 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 (including UPI ID for Retail Individual Investors using UPI Mechanism) in which the Bid amount will be blocked by the SCSBs or the Sponsor Bank. 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 352.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares, there has been no formal market for the Equity Shares. The Floor Price, the Cap Price and 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 86) 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 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 ("**SEBI**"), nor does 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 22.

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 copy of the Red Herring Prospectus and the Prospectus shall be delivered for filing with 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 440.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
Axis Capital Limited 1st Floor, Axis House C-2, Wadia International Centre P. B. Marg, Worli Mumbai 400 025 Maharashtra, India **Telephone**: (91 22) 4325 2183 **E-mail:** cal.ipo@axiscap.in **Investor grievance E-mail**: complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact Person**: Sagar Jatakiya / Akash Aggarwal **SEBI Registration No:** INM000012029	**IIFL Securities Limited** 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013 Maharashtra, India **Telephone**: (91 22) 4646 4600 **E-mail**: craftsman.ipo@iiflcap.com **Investor Grievance E-mail**: ig.ib@iiflcap.com **Website**: www.iiflcap.com **Contact Person**: Aditya Agarwal / Shubham Tantia **SEBI Registration No.**: INM000010940	**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 **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**", "**Industry Overview**", "**Key Regulations and Policies in India**", "**Financial Information**", "**Outstanding Litigation and Other Material Developments**" 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, IV 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 200
Subsidiaries	The subsidiaries of our Company, namely, Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.) and Craftsman Automation Singapore Pte. Ltd.*, as disclosed in "***History and Certain Corporate Matters - Subsidiaries of our Company***" on page 199 **Craftsman Automation Singapore Pte. Ltd. has filed a declaration of solvency with the Accounting and Corporate Regulatory Authority, Singapore on September 30, 2020. The winding up of Craftsman Automation Singapore Pte. Ltd. is under process. As on September 30, 2020, Craftsman Automation Singapore Pte. Ltd. was not operational.*

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
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
CRISIL Report	The report titled "Studying the Automotive and Industrial Engineering Business in India" dated December 2020, prepared by CRISIL Research
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 Companies	In terms of SEBI ICDR Regulations, the term "group companies" includes companies (other than our Promoter and Subsidiaries) with which there were related party transactions as disclosed in the Restated Financial Information as covered under the applicable accounting standards and such other companies as considered material by our Board, as identified in "***Promoter, Promoter Group and Group Companies***" on page 218
IFC	International Finance Corporation

Term	Description
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
KMP/Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act 2013 and as described in "***Management - Key Managerial Personnel***" on page 215
Marina	Marina III (Singapore) Pte Limited
Materiality Policy	The policy adopted by our Board in its meeting dated December 5, 2020 for determining: (i) Group Companies; (ii) outstanding material litigation involving our Company, Subsidiaries, Directors, Promoter and Group Companies; 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 Companies***" and "***Outstanding Litigation and Other Material Developments***" on pages 218 and 327, 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
Previous Auditors	The erstwhile statutory auditors of our Company, PKF Sridhar & Santhanam LLP, Chartered Accountants
Promoter	The promoter of our Company, namely Srinivasan Ravi. For further information, see "***Promoter, Promoter Group and Group Companies***" on page 218
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further information, see "***Promoter, Promoter Group and Group Companies***" on page 218
Promoter Selling Shareholder	Srinivasan Ravi
Registered Office / Registered and Corporate Office	The office of our Company located at Senthel Towers, IV 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 60
Restated 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 September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018 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 the six months ended September 30, 2020 and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 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 2013 and Ind AS, as applicable, 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 from time to time
Stakeholders Relationship Committee	The stakeholders relationship committee of our Board
Statutory Auditors	The statutory auditors of our Company, being Sharp & Tannan, Chartered Accountants
Whole-time Director	The whole-time director of our Company, Ravi Gauthamram
Wilful Defaulter(s)	Wilful defaulter(s) as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations

Offer Related Terms

Term	Description
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by SEBI in this behalf
Acknowledgement Slip	The slip or document to be issued by a Designated Intermediary 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	Unless the context otherwise requires, 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, NEFT, RTGS or NACH 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 and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million
Anchor Investor Allocation Price	The price at which allocation of the Equity Shares is done to the Anchor Investors in terms of the Red Herring Prospectus. The Anchor Investor Allocation Price shall be determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs during the Anchor Investor Bid / Offer Period.
Anchor Investor Application Form	Form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/ Offer Period	The day being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
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 prior to and after which the BRLMs will not accept any bids from Anchor investors, 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 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
Application Supported by Blocked Amount/ASBA	An 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 and will include applications made by RIIs using the UPI Mechanism where the Bid Amount will be blocked by SCSB upon acceptance of UPI Mandate Request
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) and will include amounts blocked by SCSB upon acceptance of UPI Mandate Request by RIIs using the UPI Mechanism
ASBA Bidders	All Bidders except Anchor Investors
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
Axis	Axis Capital Limited
Banker(s) to the Offer	The Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank, as the case may be
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in "***Offer Procedure***" on page 352
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

Term	Description
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 all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all 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 and also intimated to the Designated Intermediaries. 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 which shall also be notified by advertisement in the same newspapers where the Bid/ Offer Opening Date was published, in accordance with the SEBI ICDR Regulations
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 all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all 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 and also intimated to the Designated Intermediaries, as required under the SEBI ICDR Regulations
Bid/Offer Period	Except in relation to Bids received from 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. Provided, however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date which shall also be notified in an advertisement in same newspapers in which the Bid/Offer Opening Date was published, in accordance with SEBI ICDR Regulations. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days
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 Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/BRLMs	Axis Capital Limited and IIFL Securities 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 and Sponsor Bank Agreement	Agreement to be entered into among our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Banker(s) to the Offer and the Sponsor Bank for collection of the Bid Amounts, 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 and the SEBI UPI Circulars, issued by SEBI
Cut-off Price	The Offer Price, finalized by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail

Term	Description
	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, PAN, bank account details and UPI ID, wherever applicable
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 (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 finalization 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 authorized 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 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 December 9, 2020, 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 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
Escrow Collection Bank(s)	The bank(s) which is/are clearing members and are registered with 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 [●]
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 ₹ 1,500.00 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 no. SEBI / HO / CFD / DIL1 / CIR / P / 2020 / 37 dated March 17, 2020 and the circular no. SEBI / HO / CFD / DIL2 / CIR / P / 2020 / 50 dated March 30, 2020, as amended by SEBI from time to time The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
IIFL	IIFL Securities Limited
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

Term	Description
Non-Institutional Category	The portion of the 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
Non-Institutional Investors/NIIs	All Bidders 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 December 9, 2020, 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 4,521,450 Equity Shares to be offered for sale 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 54
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 4,521,450 Equity Shares, offered for sale pursuant to the Offer for Sale, comprising up to 130,640 Equity Shares by Srinivasan Ravi, up to 1,559,260 Equity Shares by Marina, up to 1,414,050 Equity Shares by IFC and up to 1,417,500 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 all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper**)** and all editions of [●] (a widely circulated Tamil regional daily newspaper, Tamil being the regional language in Coimbatore where our Registered Office is located**)** at least two 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)	The 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 Bank(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 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)(ss) 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 bank(s) 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 4, 2012 and the SEBI UPI Circulars, issued by SEBI
Registrar Agreement	The agreement dated December 9, 2020, 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 and the SEBI UPI Circulars, 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 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 can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
SEBI UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 and the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and any subsequent circulars or notifications issued by SEBI in this regard
Self-Certified Syndicate Banks/SCSBs	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time Applications through UPI in the Offer could be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is appearing in the ″list of mobile applications for using UPI in public issues″ displayed on the SEBI website. The said list shall be updated on the SEBI website
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 from the Bidders, a list of which is which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time
Sponsor Bank	The Banker to the Offer registered with SEBI which is appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to make the mandate collect requests and / or payment instructions of the RIIs into the UPI and carry out any other responsibilities, in terms of the SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in this case being, [●]
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
Syndicate Members	Intermediaries registered with 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
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI

Term	Description
UPI ID	Identity document created on UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RII by way of a notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII initiated by the Sponsor Bank to authorize blocking of funds in the relevant ASBA Account through the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The Bidding mechanism that may be used by an RII to make a Bid in the Offer in accordance with the SEBI UPI Circulars
UPI PIN	Password to authenticate UPI transaction
Working Day(s)	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) 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 circulars issued by SEBI, including the SEBI UPI Circulars

Conventional and General Terms and Abbreviations

Term	Description
AIF(s)	Alternative Investment Fund(s) as defined in and registered with SEBI under the SEBI AIF Regulations
API	Application performing interface
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Central Government	Government of India
CIN	Corporate Identity Number
Companies Act	Companies Act 1956 and the Companies Act 2013, read with the rules, regulations, clarifications and modifications thereunder
Companies Act 1956	The erstwhile 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 October 15, 2020, issued by the DPIIT, 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
DP ID	Depository Participant's identity number
DPIIT	Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
EGM	Extraordinary general meeting
EPS	Earnings per share
Euro	Euro, the official single currency of the participating member states of the European Economic and Monetary Union of the Treaty establishing the European Community
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 Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019 issued by the Ministry of Finance, Government of India
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 as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
Gross Block	Property, plant and equipment, intangibles and capital work-in-progress
GST	Goods and services tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
IDC(s)	Industrial Development Corporation(s)
IFRS	International Financial Reporting Standards

Term	Description
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, Government of India
Mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NBFC	Non-banking financial company
NEFT	National Electronic Funds Transfer
NPCI	National Payments Corporation of India
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
PAT	Profit after tax
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
ROCE	Return on Capital Employed
ROE	Return on Equity
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 AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
SGD	Singapore dollar, the official currency of the country of Singapore
STT	Securities Transaction Tax
Systemically Important NBFC	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
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 SEBI VCF Regulations

Industry Related Terms/Abbreviations

Term	Description
AIS	Air Insulated Switchgears
ASRS	Automated Storage and Retrieval System
BS VI	Bharat Stage emission norms VI
CAD	Computer Aided Design
CAGR	Compound Annual Growth Rate
CNC	Computer Numerical Control
COINDIA	Coimbatore Industrial Infrastructure Association

Term	Description
DFC	Dedicated Freight Corridor
EBIT	Earnings before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EBITDA Margin	EBITDA divided by Revenue from Operations
EDM	Electrical Discharge Machine
EPCG	Export Promotion Capital Goods
ERP	Enterprise Resource Planning
FMCG	Fast Moving Consumer Goods
GIS	Gas Insulated Switchgears
HCVs	Heavy Commercial Vehicles
HPDC	High Pressure Die Casting
ISO	International Organization for Standardization
LCVs	Light Commercial Vehicles
LIBOR	London Interbank Offered Rate
LPDC	Low Pressure Die Casting
LTMLR	Long Term Minimum Lending Rate
MCLR	Marginal Cost of funds based Lending Rate
MCVs	Medium Commercial Vehicles
MEI Scheme	Merchandise Exports from India Scheme
OEM	Original Equipment Manufacturer
SPM	Special Purpose Machine

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

*This Draft Red Herring Prospectus has been prepared in accordance with provisions and disclosure requirements of the SEBI ICDR Regulations except that the offer procedure including in relation to Bid/Offer Period, submission of Bid Cum Application Forms, payment of Bid Amount, allocation, Allotment, refund of Bid Amount, if any and listing of the Equity Shares as described in the section "**Offer Procedure**" on page 352 (each read with "**Definition and Abbreviations**" on page 2) has been prepared in accordance with SEBI ICDR Regulations.*

Certain Conventions

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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 2013, Ind AS and the guidance notes issued by ICAI and restated in accordance with the SEBI ICDR Regulations. For further information, see "***Summary Financial Information***" and "***Financial Statements***" on pages 56 and 224, 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.

The audited consolidated financial statements for Fiscals 2020, 2019 and 2018 have been audited by PKF Sridhar & Santhanam LLP, Chartered Accountants, our Previous Auditors. The audited consolidated interim financial statements for the six months ended September 30, 2020 have been audited by Sharp & Tannan, Chartered Accountants, our Statutory Auditors.

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 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act 2013, 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, U.S. 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.***" on page 50.

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 22, 167, and 290, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated 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 December 2020, 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 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-complainces for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

Industry publications generally state that the information contained in such publications has been obtained from sources generally considered 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 consider that the industry and market data used in this Draft Red Herring Prospectus to be 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 48.

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 September 30, 2020	Exchange rate as on March 31, 2020	Exchange rate as on March 28, 2019*	Exchange rate as on March 30, 2018*
1 USD	73.80	75.39	69.17	65.04
1 Euro	86.57	83.05	77.70	80.62
1 SGD	53.87	53.01	51.13	49.76
1 JPY	0.70	0.70	0.63	0.62

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

** In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered*

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:

- uncertainty in relation to the continuing effect of the COVID-19 pandemic on our business and operations;
- significant decline in automobile sales prior to COVID-19;
- inability to meet obligations under debt financing arrangements;
- enforcement of the security in the event of failure to service debt obligations;
- exposure to interest rate fluctuations;
- exposure to credit risk on account of interest free loans given by our Company to our Subsidiary;
- non-receipt of any proceeds from the Offer for Sale;
- risks in relation to value of investment of the Shareholders;
- risk in relation to materialization of contingent liabilities; and
- losses incurred/to be incurred by our group companies.

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 22, 167 and 290, 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 consider that the assumptions on which such statements are based to be 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 this Draft 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.

SUMMARY OF THE OFFER DOCUMENT

*The following is a general summary of the terms of the Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including in the sections entitled "**Risk Factors**", "**The Offer**", "**Capital Structure**", "**Objects of the Offer**", "**Industry Overview**", "**Business**", "**Outstanding Litigation and Material Developments**", "**Offer Procedure**" and "**Main Provisions of Articles of Association**" on pages 22, 54, 68, 77, 95, 167, 327, 352 and 370 respectively.*

Summary of Business

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, aluminium products for the automotive segment and industrial and engineering products segment. We are the largest player involved in the machining of cylinder blocks and cylinder heads in the intermediate, medium and heavy commercial vehicles segment as well as in the construction equipment industry in India. We are among the top three-four component players with respect to machining of cylinder block for the tractor segment in India. *(Source: CRISIL Report).* We are present across the entire value chain in the Automotive-Aluminium Products segment, providing diverse products and solutions. For further details, see "***Business***" on page 167.

Summary of Industry

The Indian auto components industry clocked a CAGR of 6% in production over Fiscals 2015 to 2020, led by growth in replacement and exports demand. Domestic demand is forecast to log a CAGR of 6% to 8% to approximately ₹ 4,225 billion, driven by demand from OEMs at 7% to 9%, whereas exports are set to grow at 3% to 5% over Fiscals 2020 to 2024 to reach approximately ₹ 2,772 billion on the back of healthy growth in the OEM segment on a low base of Fiscals 2020 and 2021 due to BS-VI norms and the COVID-19 pandemic, respectively. In the long term, CRISIL Research expects the domestic consumption to grow at a pace of 5 to 7% CAGR between Fiscals 2020-2024. For further details, see "***Industry Overview***" on page 95.

Promoter

Our Promoter is Srinivasan Ravi.

Offer Size

Offer	Up to [●] Equity Shares, aggregating up to ₹ [●] million
which consists of:	
- Fresh Issue[1]	Up to [●] Equity Shares, aggregating up to ₹ 1,500.00 million
- Offer for Sale[2]	Up to 4,521,450 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders

(1) The Offer has been authorized by a resolution of our Board dated December 5, 2020 and the Fresh Issue has been authorized by a special resolution of our Shareholders, dated December 7, 2020.

*(2) The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus with SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. 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 335.*

For further details, see "***The Offer***" on page 54.

Objects of the Offer

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

Particulars	**Amount (in ₹ million)**
Repayment/pre-payment, in full or part, of certain borrowings availed of by our Company	1,200.00
General corporate purposes*	[●]

* *To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.*

Aggregate pre-Offer Shareholding of Promoter, Promoter Group and Selling Shareholders

The aggregate pre-Offer shareholding of Promoter, Promoter Group and Selling Shareholders as on the date of this Draft Red Herring Prospectus is as follows:

Category of Shareholders	No. of Equity Shares held	% of total paid up pre-Offer Equity Share capital
Promoter	10,630,640	52.83
Promoter Group	2,126,860	10.57
Selling Shareholders		
- Srinivasan Ravi	10,630,640	52.83
- Marina	3,118,500	15.50
- IFC	2,828,100	14.06
- K. Gomatheswaran	1,417,500	7.04

Summary of Financial Information

A summary of the financial information of our Company as per the Restated Financial Information is as follows:

(in ₹ million except otherwise stated)

Particulars	Six months ended September 30, 2020	Fiscal 2020	2019	2018
Share capital	100.61	100.61	100.61	100.61
Net worth	6,690.75	6,634.75	6,278.36	5,412.34
Revenue (total income)	5,365.20	15,010.57	18,316.43	15,228.62
Profit after tax	69.66	410.73	973.67	315.34
Earnings per share (basic and diluted)				
- Basic (in ₹)	3.46	20.41	48.39	15.67
- Diluted (in ₹)	3.46	20.41	48.39	15.67
Net asset value per Equity Share (in ₹)	332.52	329.73	312.02	268.98
Total borrowings	9,634.83	10,406.49	9,852.63	8,466.83

Qualifications of the Statutory Auditors

The Restated Financial Information do not contain any qualification which have not been given effect to in the Restated Financial Information.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, our Promoter, our Directors, our Subsidiaries and litigation involving our Group Companies which have a material impact on the Company, as on the date of this Draft Red Herring Prospectus is as follows:

Type of Litigation	Number of cases	Amount* (in ₹ million)
Litigation involving our Company		
Criminal proceedings	-	-
Material civil litigation	2	15.07
Actions by statutory or regulatory authorities	2	5.62
Direct and indirect tax proceedings	23	191.69
Total	**27**	**212.38**
Litigation involving our Promoter		
Criminal proceedings	-	-
Material civil litigation	-	-
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	-	-
Total	-	-
Litigation involving our Subsidiaries		
Criminal proceedings	-	-
Material civil litigation	-	-

Type of Litigation	Number of cases	Amount* (in ₹ million)
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	-	-
Total	**-**	**-**
Litigation involving our Directors		
Criminal proceedings	-	-
Material civil litigation	-	-
Actions by statutory or regulatory authorities	1	0.10
Direct and indirect tax proceedings	-	-
Total	**1**	**0.10**
Litigation involving our Group Companies		
Outstanding litigation which may have a material impact on the Company	-	-

* *To the extent quantifiable.*

For further details of the outstanding litigation proceedings, see "***Outstanding Litigation and Other Material Developments***" beginning on page 327.

Risk Factors

Please see "***Risk Factors***" beginning on page 22.

Summary of Contingent Liabilities of our Company

A summary of our contingent liabilities as on September 30, 2020 as indicated in our Restated Financial Information is as follows:

(in ₹ million)

Particulars	As of September 30, 2020
Claims against the company not acknowledged as debt:	
- Excise	0.69
- VAT*	6.21
- Service tax	6.72
- GST#	2.74
- Income tax	176.79
- Stamp duty	5.62
Sales Bill Discounting	-

** includes ₹ 0.68 million of Joint Venture*
 # includes ₹ 0.78 million of Joint Venture

For details, see "***Financial Statements – Note 44 - Contingent Liabilities and Capital Commitments***" on page 281.

Summary of Related Party Transactions

A summary of related party transactions entered into by our Company with related parties are as follows:

(in ₹ million)

Transactions during the period / year ended	Nature of Relationship	Six months ended September 30, 2020	Fiscal 2020	2019	2018
Purchase of Goods & Services	Subsidiaries	3.90	16.91	24.42	20.79
	Carl Stahl Craftsman Enterprises Private Limited	5.97	15.13	18.93	31.40
	MC Craftsman Machinery Private Limited	1.75	11.08	14.84	10.34
Sale of Goods & Services	Subsidiaries	1.58	75.58	82.83	64.59
	Carl Stahl Craftsman Enterprises Private Limited	75.78	197.66	207.68	187.92
	MC Craftsman Machinery Private Limited	0.00	0.02	0.18	1.15

Transactions during the period / year ended	Nature of Relationship	Six months ended September 30, 2020	Fiscal 2020	2019	2018
Sales Commission expenses	Carl Stahl Craftsman Enterprises Private Limited	-	1.54	-	-
Reimbursement of Expenditure	Subsidiaries	0.16	10.20	8.93	2.81
Unwinding effect of deemed equity	Subsidiaries	29.17	5.60	9.16	8.76
Dividend payments	Key management personnel	-	26.58	5.32	3.04
Remuneration to key management personnel	Key management personnel	26.00	68.68	66.30	52.41
Commission	Key management personnel	3.00	8.64	72.84	22.84
Sitting Fee	Key management personnel	0.68	2.27	1.64	0.68
Interest Income	Subsidiaries	-	-	0.10	0.07
Loans given	Subsidiaries	-	-	-	-
Loans recovered	Subsidiaries	3.87	3.02	28.20	13.71
Rental Income	Carl Stahl Craftsman Enterprises Private Limited	0.09	0.18	0.18	0.21
	MC Craftsman Machinery Private Limited	1.30	2.79	2.69	2.53
Trade Receivables	Subsidiaries	0.64	26.57	40.87	59.29
	Carl Stahl Craftsman Enterprises Private Limited	41.19	57.43	66.86	84.26
Trade Payables	Subsidiaries	15.47	18.25	2.40	3.36
	Carl Stahl Craftsman Enterprises Private Limited	0.04	0.32	1.61	7.59
	MC Craftsman Machinery Private Limited	0.59	2.62	5.37	2.23
Loans - Receivable	Subsidiaries	32.48	43.28	243.30	262.80
Interest receivable	Subsidiaries	0.33	0.30	0.30	0.20
Remuneration payable	Key management personnel	2.03	0.20	1.80	32.90
Rent advance received	MC Craftsman Machinery Private Limited	0.20	0.20	0.20	0.20

For details of the related party transactions and as reported in the Restated Financial Information, see *"**Financial Statements**"* beginning on page 224.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, members of the Promoter Group, our Directors and their relatives (as defined in Companies Act 2013) have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which the Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

Our Promoter and the Selling Shareholders have not acquired any Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

Average Cost of Acquisition of Equity Shares

The average cost of acquisition per Equity Share to our Promoter and the Selling Shareholders as at the date of this Draft Red Herring Prospectus is:

Name	Number of Equity Shares held	Average cost of Acquisition per Equity Share (in ₹)*
Promoter (also a Selling Shareholder)		
Srinivasan Ravi	10,630,640	1.06
Selling Shareholders		
IFC	2,828,100	208.21

Name	Number of Equity Shares held	Average cost of Acquisition per Equity Share (in ₹)*
Marina	3,118,500	469.88
K. Gomatheswaran	1,417,500	1.27

** As per certificate issued by our Previous Auditors dated December 9, 2020.*

Details of pre-Offer Placement

Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Draft Red Herring Prospectus till the listing of the Equity Shares.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

Split / Consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

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. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. 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 Financial Information. Further, unless the context otherwise requires, references to "our Company" are to Craftsman Automation Limited on a standalone basis, while references to "we", "us" or "our" are to Craftsman Automation Limited on a consolidated basis.

*The industry data in this section has been extracted from a report titled "Studying the Automotive and Industrial Engineering Business in India" dated December 2020, 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 considered 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. For further information, see "**Industry Overview**" on page 95.*

*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 167, 224 and 290, 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. ***The extent to which the coronavirus disease (COVID-19) affects our business, results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted.***

    An outbreak of a novel strain of coronavirus (COVID-19) was recognized by the World Health Organization as a public health emergency of international concern on January 30, 2020, and as a pandemic on March 11, 2020. The outbreak of COVID-19 has significantly and adversely impacted and will likely continue to impact economic activity and has contributed to significant volatility in global financial markets and led to operational challenges. It is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, stagnation, recession or depression, despite monetary and fiscal interventions by governments and central banks globally. In particular, a number of governments and organizations have revised GDP growth forecasts for 2020 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession.

In response to the COVID-19 outbreak, the governments of many countries, including India have taken preventive or protective actions, such as issuing advisories and imposing country or state wide lockdowns, including restrictions on travel and temporary closure of business operations and increased remote working protocols, which have significantly slowed down economic activity. On March 14, 2020, India declared COVID-19 as a "notified disaster" and imposed a nationwide lockdown announced on March 24, 2020. While there have been progressive relaxations and calibrated easing of lockdown measures by the Government, we cannot predict if stricter lockdowns will not be re-introduced or extended in the future. The COVID-19 pandemic and resulting government actions may affect our business, results of operations and financial condition, in the future, in a number of ways such as requiring a complete or partial closure of our operations, disruptions or restrictions on our ability to conduct our business, our manufacturing operations and pursue partnerships and other business opportunities, and delay shipments of our products; result in inability to source key raw materials as a result of the temporary or permanent closure of the facilities of suppliers of our key raw materials; lead to non-availability of labour, which could result in a slowdown in our operations; adversely impact our ability to access debt and equity capital on acceptable terms, or at all; the effects of the COVID-19 pandemic on our future results of operations, cash flows and financial condition could adversely impact our compliance with the covenants in our credit facilities and other financing agreements and could result in events of default and the acceleration of indebtedness; uncertainty as to what conditions must be satisfied before government authorities completely lift lockdown orders; and the potential negative impact on the health of our employees, particularly if a significant number of them are afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption.

On account of the government imposed lockdown in India, operations at all of our manufacturing facilities were temporarily shut down with effect from March 24, 2020 and resumed operations in accordance with permissions from the local authorities. Such disruptions in operations impacted our business performance during the first quarter of Fiscal 2021 and had caused us to postpone the delivery terms for certain orders. Further, the automotive industry has been significantly impacted, which may have an impact on our revenues as a majority of our customers are from this sector. The pandemic may affect production, create supply chain and market disruption and may result in financial impact. Events beyond our control may unfold in the future, which makes it difficult for us to predict the impact that COVID-19 will have on us, our customers or suppliers in the future and this may affect the underlying assumptions and estimates with respect to demand for our products in future.

The COVID-19 pandemic may cause additional disruptions to operations if our employees or staff become sick, are quarantined, or are otherwise limited in their ability to travel or work. To contain the spread of the virus, we may be required to implement staggered shifts and other social distancing efforts at manufacturing facilities, which could result in labour shortages and decreased productivity. This may negatively affect our ability to meet consumer demand and may increase our costs of production and sales. We cannot assure you that we will be able to generate sufficient revenue to meet our working capital requirements. All of the foregoing developments may have a significant effect on our results of operations and on our financial results.

We cannot predict the degree to, or the time period over, which our business will be affected by the COVID-19 outbreak. The COVID-19 pandemic may intensify and events beyond our control may unfold in future which could necessitate further lockdowns, resulting in significant additional effects on our revenue, financial condition and results of operations. There are numerous uncertainties associated with the COVID-19 outbreak, including the number of individuals who will become infected, availability of a vaccine or a cure that mitigates the effect of the virus, the extent of the protective and preventative measures imposed by governments and whether the virus' impact will be seasonal, among others. Consequently, there may be adverse effects of this pandemic on our short-term business operations and our financial results may be impacted.

2. ***There has been a significant decline in automobile sales even prior to COVID-19 and we are not certain that the sales will recover even after the impact of COVID-19 is over.***

Substantially all of our business is directly related to vehicle sales and production by our customers, who consist primarily of large automotive OEMs, and demand for our products is largely dependent on the industrial output of the automotive industry. The sales, volumes and prices for vehicles are influenced by the cyclicality and seasonality of demand for these products. The automotive industry has been cyclical in the past and we expect this cyclicality to continue. Our operations and performance are directly related to levels of global vehicle production and are therefore affected by factors that generally affect the automotive industry. The automotive industry is sensitive to factors such as consumer demand, consumer confidence, disposable income levels, employment levels, fuel prices and general economic conditions.

Even before COVID-19 related slowdown and disruptions, automobile sales in India had been de-growing. We believe that the de-growth was on account of slow-down in the overall economy, higher insurance costs and the scheduled adoption of BS-VI norms and are not certain that even after the impact of COVID-19 is over automobile sales will recover. Weak automobile sales will impact demand for auto-components manufactured and supplied by our Company to our OEM customers and will materially impact our business outlook, result of operations and financial condition.

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

As of September 30, 2020, we had total secured borrowings (long term and short term) of ₹ 9,634.83 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. 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. Further, under certain of our loan agreements, the lenders have a right to appoint a nominee director on our Board in case there is an event of default. 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. For instance, in the past we have sought waivers from one of our lenders in relation to certain non-compliances with financial covenants such as maintaining current ratio and liabilities to tangible net worth. Though we have received waivers in relation to such non-compliances for Fiscals 2020 and 2019, we cannot assure you that we will not breach these covenants in the future or be able to procure corresponding waivers. In another instance, while we have sought a waiver from one of our lenders in relation to non-compliance with the current ratio required to be maintained by us, we have not yet received a waiver in this regard. We cannot assure you that we will not breach such covenants in the future which are required to be complied with under our financing arrangements or be able to procure corresponding waivers.

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.

4. ***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 September 30, 2020, we had total secured borrowings (long term and short term) of ₹ 9,634.83 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 324.

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.

5. ***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 September 30, 2020, 70.47% of our indebtedness was at floating interest rates while 29.53% 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.

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

Our Company has given interest free loans to our Subsidiary, Craftsman Europe B.V. Further, a portion of the loan granted to Craftsman Europe B.V. has been converted into equity by way of investment in the equity capital pursuant to a resolution passed by our Board of Directors on August 20, 2019. There is no assurance that we will be able to fully recover such loans from our Subsidiary 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 224.

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

The Offer includes an Offer for Sale of up to 4,521,450 Equity Shares, in the aggregate, by the Selling Shareholders. 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 or not completed for any reason whatsoever, all the Offer related expenses will be exclusively borne by our Company. The expenses of the Selling Shareholders will, at the outset, be borne by our Company and each Selling Shareholder will reimburse our Company for such 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. See "***Objects of the Offer***" on page 77.

8. ***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 77.

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, the price of the Equity Shares may be adversely affected, which may affect the value of your investment.

9. ***Our contingent liabilities could adversely affect our financial condition if they materialise.***

As per our Restated Financial Information, as at September 30, 2020, 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 September 30, 2020
Claims against the company not acknowledged as debt:	
- Excise	0.69
- VAT*	6.21
- Service tax	6.72
- GST#	2.74
- Income tax	176.79
- Stamp duty	5.62
Sales Bill Discounting	-

** includes ₹ 0.68 million of Joint Venture*
 # includes ₹ 0.78 million of Joint Venture

If any of these contingent liabilities materialises, our results of operations and financial condition may be adversely affected. See "***Financial Statements***" on page 224.

10. ***Our Group Companies have incurred losses in the last three Fiscals.***

Our Group Company, MC Craftsman Machinery Private Limited, in which we have 10.00% equity stake, has incurred losses in Fiscals 2020, 2019 and 2018 and our Group Company, Carl Stahl Craftsman Enterprises Private Limited, in which we have 30.00% equity stake, have incurred loss in Fiscal 2020. Details of profits (or losses) after tax of our Group Company in Fiscals 2020, 2019 and 2018 are provided in "***Promoter, Promoter Group and Group Company – Details of loss-making Group Companies***" on page 221. There is no assurance that our Group Companies 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.

11. ***Our Company and one of our Director is 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 and one of our Director is 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. All pending litigation involving our Company, Directors, Promoters and Subsidiaries, 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 3.00% of the consolidated profit after tax of our Company, as per the Restated Financial Information, for the latest fiscal i.e. Fiscal 2020, amounting to ₹ 12.32 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. The summary of the outstanding litigations involving the aforementioned persons/entities are as follows:

Type of Litigation	Number of cases	Amount* (in ₹ million)
Litigation involving our Company		
Material civil litigation	2	15.07
Actions by statutory or regulatory authorities	2	5.62
Direct and indirect tax proceedings	23	191.69
Total	**27**	**212.38**
Litigation involving our Directors		
Actions by statutory or regulatory authorities	1	0.10
Total	**1**	**0.10**

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 327.

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

12. ***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 186.

13. ***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.***

Sales to our top four customers (based on the revenue from operations as on September 30, 2020) represented 41.90%, 33.91%, 34.14% and 31.73% of our revenue from operations for the six months ended September 30, 2020, Fiscals 2020, 2019 and 2018, respectively, and sales to our top 10 customers (based on the revenue from operations as on September 30, 2020) represented 56.23%, 51.70%, 50.22% and 45.15% of our revenue from operations for the six months ended September 30, 2020, Fiscals 2020, 2019 and 2018, respectively.

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 prevent growth in 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 and retain market share in high-growth segments, we may be prevented from capitalizing 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.

Additionally, 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. Further, our future growth is also linked to the addition of new customers and failure to do so may cause significant damage to our future growth, which could have an adverse effect on our business.

14. ***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 finalization, 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 some of 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.

15. ***We do not 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.***

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.

16. ***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 five suppliers for procurement of steel, aluminium ingots required for manufacturing aluminium castings used in Automotive - Aluminium Products and Industrial and Engineering segments, which supplied 24.32% of our cost of raw material and components consumed for Fiscal 2020.

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, pandemic, 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 our entire 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.

17. ***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.

18. ***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. We have experienced delays in billing and collection for our products and services in the past and we cannot assure you that we will not experience any such delays in the future. 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. As of September 30, 2020 and Fiscals 2020, 2019 and 2018, our trade receivables were ₹ 1,851.14 million, ₹ 1,943.19 million, ₹ 2,100.32 million and ₹ 2,016.86 million, respectively, which constituted 34.68%, 13.02%, 11.55% and 13.34% of our 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.

19. ***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 the desired 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.

20. ***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 ₹ 642.11 million, ₹ 1,393.23 million, ₹ 1,619.62 million and ₹ 1,275.09 million export sales as on September 30, 2020 and in Fiscals 2020, 2019 and 2018, respectively, which represented 12.03%, 9.34%, 8.91% and 8.44% of our revenue from operations for the respective periods. During such periods, we exported our products to over 20 countries across North America, South 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 or an economic slowdown 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.

Additionally, we will be required to procure certifications in addition to other quality standards which could be necessary for the products to be accepted by customers and the markets in which we export our products. As such, we may need to obtain and maintain the relevant certifications so that our customers are able to sell their products, which include components that are manufactured by us, in these countries. Our inability to secure such license, or any other licenses, certification, registrations and permits in other jurisdictions in a timely manner or at all, could result in operational delays or suspensions and/or administrative fines and penalties, which could have a material adverse effect on the overall business, results of operations and financial condition.

21. ***Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity, actual production and capacity utilization. Actual production levels and future capacity utilization rates may vary significantly from the estimated production capacities of our manufacturing facilities and historical capacity utilization rates. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Undue reliance should therefore not be placed on our historical installed capacity, actual production and capacity utilization for our existing manufacturing facilities included in this Draft Red Herring Prospectus. See "***Business – Our Business Segments***" on page 176.

22. ***We may face difficulties in executing our strategies including our expansion plans.***

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. As a part of our growth strategy, we also seek to pursue emerging opportunities, including storage solutions and material handling, which are growing market opportunities. 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.

23. ***We have incurred significant capital expenditures in the past and there can be no assurance that our past or planned capital expenditures will result in growth and/or additional profitability for our Company.***

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, allowing us to offer a diverse product suite, reduce operating costs and drive our productivity. For the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our capital expenditure was ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million, respectively.

To compete effectively, we must be able to develop and produce new products to meet our customers' demand in a timely manner, which requires a significant capital expenditure. We may also 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. We cannot assure you that we will be able to successfully convert these capital expenditures profitable in the future. Our capital expenditures may also lead to unsuccessful projects which may cause loss to our business. Additionally, we incur certain bare minimum capital expenditure for maintenance irrespective of the business or revenue, such as for upgradation and modernization of our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity and in the event of any negative impact of the business, such capital expenditure may result in negative cash flows. 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.

24. ***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.

In the past, as part of our growth and expansion plan, we have diversified into new segments. Any inability to do such diversification in the future to expand our business will cause adverse effect on business. 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. 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.

25. ***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 and pandemic;
- 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, as part of cost control and optimization measures, our Company decided to shut its manufacturing facility located in Malumichampatti in August 2019 and shifted the same to our facility located in Arasur village. Recently, on account of the government imposed lockdown in India due to COVID-19 pandemic, operations at all of our manufacturing facilities were temporarily shut down and we were required to follow protocols as suggested by regulatory authorities which impacted our ability to operate our manufacturing facilities at optimum utilizations.

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.

26. ***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.

Further, with the expected increase in growth of electric vehicles in future, we will need to adapt with the technological advances which will require us to make substantial capital investments. Our customers may shift to other manufacturers if we do not meet their changing needs as per the requirement of the automobile industry. Further, our already existing technologies may become redundant. All these factors could adversely affect our business, results of operations, financial condition and cash flows.

27. ***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.

28. ***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 promotional 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.

29. ***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 a planned manufacturing facility at Sriperumbudur, near Chennai. Further, in relation to our proposed manufacturing facility at Perundurai in Tamil Nadu, we have now surrendered the lease and are no longer seeking to develop as we don't envisage further expansion of our manufacturing capacity due to the current COVID-19 pandemic. In relation to the surrender of lease for our manufacturing facility at Perundurai in Tamil Nadu, an amount equal to one percent of the total amount paid by us will be deducted by the State Industries Promotion Corporation of Tamil Nadu Limited from the refund amount. 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 37 and 193, respectively.

Further, for our future projects, we may face risks relating to commissioning including delays in construction, failure of our contractors and suppliers to adhere to our specifications and timeline, among other things. 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.

30. ***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 six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our capital expenditure was ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million, respectively, which represented 2.12%, 8.39%, 26.95% and 12.24% of our total expenditure for the respective periods. 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. If we are unable to successfully utilise the facilities for which we have raised additional funds, it will have adverse effect on our business. Further, 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.

31. ***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 167 and 193, 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.

32. ***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 12 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. Though none of the leases that we have entered into with IDCs are expiring in the next five years from the date of this Draft Red Herring Prospectus, we cannot assure you that we will be able to renew such leases as and when they expire.

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.

33. ***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 186. 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.

34. ***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.

35. ***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 operations are labour intensive and our manufacturing operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

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 October 31, 2020, we had a large workforce of 249 management staff, 1,383 permanent workmen, 737 apprentices, and 1,202 contract workmen.

As on September 30, 2020, our employee benefit expenses was ₹ 569.45 million, constituting 10.67% 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.

36. ***We depend on our senior management, Key Managerial Personnel and persons with technical expertise 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, persons with technical expertise, 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 215.

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

37. ***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. We are 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.

38. ***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. 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.

39. ***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 ₹ 642.11 million, ₹ 1,393.23 million, ₹ 1,619.62 million and ₹ 1,275.09 million, as export sales as on September 30, 2020 and for Fiscals 2020, 2019 and 2018, respectively, which represented 12.03%, 9.34%, 8.91% and 8.44% 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 Subsidiary. 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.

40. ***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 September 30, 2020, our pending obligation against the EPCG license is ₹ 189.55 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.

41. ***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.

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 12 strategically located manufacturing facilities across seven cities in India. For a description of our manufacturing facilities, see "***Business - Manufacturing Facilities***" on page 182. 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 six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our power and fuel costs was ₹ 297.39 million, ₹ 850.87 million, ₹ 966.38 million and ₹ 855.95 million, constituting 5.57%, 5.70%, 5.32% and 5.66%, 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, power exchange 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. ***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 "***Financial Statements – Restated Financial Information – Annexure VII –Note No. 43***" on page 278. These related party transactions entered into by us, were in compliance with the Companies Act.

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.

45. ***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. Additionally, in future, we may be required to bear increased premiums for our insurance to provide coverage for pandemics such as COVID-19. Our total insurance coverage was ₹ 29,425.38 million, which covers 100% of our total assets, as of September 30, 2020.

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 185.

46. ***The audit reports on our audited financial statements as at and for Fiscals 2020, 2019 and 2018, the six months ended September 30, 2020, and the examination report on the Restated Financial Information contain certain emphases of matter and other remarks, which may affect our future financial results.***

Under Indian Auditing Standards, statutory auditors may include an emphasis of matter in their audit opinion under certain circumstances, including when a company's financial records have not been maintained in accordance with Ind AS.

The examination report issued by the Statutory Auditors on the Restated Financial Information contains an emphasis of matter on description of the impact assessment due to the COVID-19 pandemic and have stated that the impact of the global health pandemic may be different from those estimated as on date of the approval of the Restated Financial Information. The erstwhile auditors for our Company had also drawn attention in this regard in their audit report on the audited financial statements of our Company for Fiscal 2020.

Further, the audit reports on the audited standalone financial statements of our Company for Fiscals 2020, 2019 and 2018 contain an emphasis of matter on regarding non-impairment of investments in and loans to the our Subsidiary, Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.) in view of its future business plan and profitability. The erstwhile auditors have also placed reliance on an expert appointed by the Company in respect of mark to market valuation of derivative instruments, namely, principal only swaps, call option, interest rate swaps and interest rate collar.

The opinions of the Statutory Auditors and the erstwhile auditors were not modified in respect of the matters mentioned above. There can be no assurance that our Statutory Auditors will not include such matters of emphasis or other similar comments in the audit reports to our audited financial statements in the future, or that such modification will not affect our financial results in future fiscal periods. There can be no assurance that our statutory auditors will not include such matters of emphasis or other similar comments in the audit reports to our audited financial statements in the future, or that such modification will not affect our financial results in future fiscal periods. Investors should consider these matters of emphasis and related remarks in evaluating our financial condition and results of operations. Any such modification in the auditors' report on our financial statements in the future may also adversely affect the trading price of the Equity Shares.

47. ***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.

48. ***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***" and "***Government and Other Approvals***" on pages 186 and 332, 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.

49. ***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 332.

50. ***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 Draft Environment Impact Assessment 2020 ("**EIA 2020**") has been issued by the Ministry of Forest, Environment and Climate Change, which when notified, will supersede the Environment Impact Assessment 2006. The EIA 2020, among other things, also aims to strengthen the monitoring mechanism for compliance of conditions for prior environment clearance. We may be subject to stricter compliance requirements under the EIA 2020 for the facilities that we may setup in future and any such increased compliance may lead to increase in compliance cost and may adversely affect our business and financial conditions.

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.

51. ***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 authorized share capital of our Company. These corporate records include share transfer forms in relation to acquisition of certain Equity Shares by our Promoter on March 20, 2007, share transfer forms in relation to acquisition of certain Equity Shares by one of the Selling Shareholders, Form 5 for the increase in the authorized share capital of our Company during Fiscal 1990 and the Form 23s for the Shareholders' resolution for increase in the authorized share capital of our Company during Fiscal 1990 and Fiscal 1991. See "***Capital Structure – History of Equity Share Capital Build-up, Contribution and Lock-in of Promoter's Shareholding***" and "***History and Certain Corporate Matters - Amendments to our Memorandum of Association***"on pages 69 and 194, respectively. While we have conducted a search of our records, at our Company's offices as well as that of the RoC, we have not been able to trace the aforementioned corporate records. Accordingly, reliance has been placed on opinions obtained from third party independent source and confirmations provided by our Company and our Promoter in respect of the missing corporate records and appropriate disclosures have been made in this Draft Red Herring Prospectus pursuant to the due diligence of the other relevant corporate records available with our Company to ascertain the information sought from the missing corporate records. However, owing to the absence of such corporate records, we cannot assure that we will not be subject to risks arising from the unavailability of such corporate records.

52. ***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.

Further, the Occupational Safety, Health and Working Conditions Code, 2020 (enacted by the parliament of India and assented to by the President of India on September 28, 2020) will come into force on such date as may be notified in the official gazette. Once effective, it will subsume various legislations including the Factories Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970. If there is any failure by us to comply with the new regime, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

53. ***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.

54. ***Any unsecured loans, including the working capital loans taken by our Company and Subsidiary 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.

55. ***Our Company is in the process of winding down its Singapore operations which may adversely affect our business and results of operations.***

The board of directors of our subsidiary, Craftsman Automation Singapore Pte. Ltd. at their meeting held on September 30, 2020 approved the declaration of solvency of Craftsman Automation Singapore Pte. Ltd. Accordingly, Craftsman Automation Singapore Pte. Ltd. has filed a declaration of solvency with the Accounting and Corporate Regulatory Authority, Singapore on September 30, 2020. The winding up of Craftsman Automation Singapore Pte. Ltd. is under process. We cannot assure you that winding down of our subsidiary, Craftsman Automation Singapore Pte. Ltd., will not adversely affect our business and results of operations and that in future, similar reasons or other reasons may lead to winding up of our other subsidiary in Netherlands.

56. ***Our Company has made investments in Bhatia Coke & Energy Limited and such investments may not be recovered.***

Our Company had made investments of ₹ 11.00 million in Bhatia Coke & Energy Limited, which is under the "Corporate Insolvency resolution process". Further, the management of Bhatia Coke & Energy Limited has been taken over by an insolvency professional appointed by the National Company Law Tribunal, Division bench, Chennai, with effect from May 22, 2019. We have valued the investment made in Bhatia Coke & Energy Limited to ₹ Nil as of September 30, 2020. The fair value loss of ₹ 11.00 million has been recognised in the other comprehensive income for the period ended September 30, 2020. Any such instances where we are unable to recover our investments made by us will cause losses.

57. ***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.***

Our ability to pay dividends in the future will depend on our future earnings, cash flows, financial condition, working capital requirements, capital expenditure, applicable Indian legal restrictions and other factors. Our Company does not have a formal 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. 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 or conserve cash to cope with the disruption in our business operations due to COVID-19 pandemic 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 223 and 324, respectively.

58. ***Our Promoter has provided personal guarantees to certain loan facilities availed of 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 September 30, 2020, 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.

59. ***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 68.

60. ***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 68.

61. ***This Draft Red Herring Prospectus contains certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the manufacturing industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other manufacturing companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of manufacturing companies, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other manufacturing companies.

62. ***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 December 2020, 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 95, 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***" and "***Industry Overview***" on pages 12 and 95, respectively.

63. ***We have not incurred certain allocated portions of our profits towards corporate social responsibility ("CSR") requirements under the Companies Act 2013.***

The Companies Act 2013 stipulates the requirement of formulation of a corporate social responsibility policy and mandates our Board of Directors to ensure that our Company spends, in each Fiscal, at least two percent of the average net profits of our Company during the three immediately preceding Fiscals, in accordance with its CSR policy. For Fiscals 2020, 2019 and 2018, while our Company has made profits and accordingly allocated certain portion of such profits towards CSR activities formulated under our CSR policy, our Company has not incurred the requisite portion of the expenditure towards such activities in Fiscals 2020 and 2018. The details with respect to the amount allocated towards CSR activities and our actual expenditure, during Fiscals 2020, 2019 and 2018 are set out below:

Fiscal	**Total amount allocated (*in ₹ million*)**	**Actual expenditure (*in ₹ million*)**
2020	13.40	8.90
2019	8.00	8.20
2018	9.40	9.20

We endeavour to spend the amount allocated towards CSR activities and are in the process of identifying suitable projects for implementation of our CSR spending. During Fiscal, 2020, we could not spend the total amount allocated as certain amounts were allocated for promotion of education and preventive health care activities, construction of class rooms in the schools, etc. and the schools were closed due to COVID-19 lockdown.

Further, in order to strengthen the enforcement framework in relation to the CSR spends made by the companies, certain amendments have been proposed to be included in the Companies Act 2013, which, once notified, will provide for, among other things, manner of dealing with the funds which remain unspent out of the total funds mandated to be spent towards CSR activities. The proposed amendment states that any unspent CSR spends is required to be transferred by our Company to a special account and such amount will be required to be spent by our Company in pursuance of its CSR policy within a period of three financial years from the date of such transfer. If our Company fails to do so, our Company is required to transfer the unspent CSR spends to a fund specified under and within the in the time stipulated under the Companies Act 2013.

We may be subject to imposition of notices or penalties under the Companies Act 2013 from the Ministry of Corporates Affairs, Government of India for non-compliance with the requirement to incur prescribed expenditure towards CSR activities in previous Fiscals, which could adversely affect our reputation and business.

External risk factors

64. ***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.

65. ***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;

- the occurrence of natural or man-made disaster or epidemic or pandemic such as COVID-19 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.

66. ***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.

67. ***Our Company has prepared financial statements under Ind AS. Significant differences exist between Ind AS and other accounting principles.***

Our financial statements, including the financial statements provided in this Draft Red Herring Prospectus, have been prepared in accordance with Ind AS (including the Ind AS 116) and the Companies Act 2013 and restated in accordance with SEBI ICDR Regulations. We have not attempted to quantify the impact of IFRS, 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 certain 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. In addition, some of our competitors may not present their financial statements in accordance with Ind AS and their financial statements may not be directly comparable to ours, and therefore reliance should accordingly be limited.

68. ***EBITDA presented in this Draft Red Herring Prospectus is not in accordance with Ind AS.***

EBITDA presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with Ind AS. Furthermore, EBITDA is not a measurement of our financial performance or liquidity and should not be considered as an alternative to net profit/ loss, revenue from operations or any other performance measures or as an alternative to cash flow from operations or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

Risks related to the Offer and the Equity Shares

69. ***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 86 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.

70. ***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.

71. ***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.

72. ***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 in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as STT is paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares 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 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 the Equity Shares.

73. ***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.

74. ***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 in the Equity Shares may commence. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant and listing is expected to commence within the period as may be prescribed under applicable law. 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.

75. ***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.

76. ***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 requirements or falls under any of the exceptions specified by the RBI, 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 Indian 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.

77. ***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.

SECTION III – INTRODUCTION

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 ₹ 1,500.00 million
(ii) Offer for Sale[(2)]	Up to 4,521,450 Equity Shares aggregating up to ₹ [●] million
Of which:	
QIB Category[(3)(4)]	Not more than [●] Equity Shares
Of which:	
Anchor Investor Portion	Not more than [●] Equity Shares
Balance of QIB Category available for allocation to QIBs (assuming the 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 of QIB Category 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 77. Our Company will not receive any portion of the proceeds from the Offer for Sale.

(1) *The Offer has been authorized by a resolution of our Board dated December 5, 2020 and the Fresh Issue has been authorized by a special resolution of our Shareholders, dated December 7, 2020.*

(2) *The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus with SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations.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 335.*

(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 BRLMs 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) *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 352.*

Notes:

(i) In terms of Rule 19(2)(b) 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 ₹ [●] million.

(ii) The Offered Shares are eligible to be offered for sale in accordance with Regulation 8 of the SEBI ICDR Regulations. For further information, see "***Capital Structure***" on page 68.

(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 352.

(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 349 and 352, respectively. For further information on the terms of the Offer, see "***Terms of the Offer***" on page 344.

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 six months ended September 30, 2020 and the Fiscals 2020, 2019 and 2018. 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 224. 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 224 and 290, respectively.

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Craftsman Automation Limited

Annexure I: Restated Consolidated Statement of Assets and Liabilities
(All amounts are in INR Millions unless otherwise stated)

Particulars	Note No. of Annexure VII	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
ASSETS					
Non-current assets					
Property, Plant and Equipment	1	14,286.59	14,267.00	14,764.54	12,447.44
Capital Work in progress	2	217.24	888.17	906.14	243.12
Intangible assets	3	83.86	106.25	143.42	149.63
Right-of-use Asset	4	926.32	1,043.10	977.90	637.61
Investments accounted for using equity method	5	18.29	17.93	18.06	13.97
Financial assets					
Investments	6	2.99	13.99	23.53	24.79
Security Deposits	7	210.96	219.30	217.04	180.90
Other Financial assets	8	16.25	105.69	5.85	14.11
Current tax assets (Net)	9	-	10.99	-	44.44
Other non-current assets	10	65.69	93.28	110.27	266.66
		15,828.19	**16,765.70**	**17,166.75**	**14,022.67**
Current assets					
Inventories	11	2,999.65	3,256.15	3,233.08	3,004.61
Financial assets					
Trade receivables	12	1,851.14	1,943.19	2,100.32	2,016.86
Cash and cash equivalents	13	387.64	597.61	194.97	367.19
Other bank balances	14	162.26	118.81	70.84	119.58
Security Deposits	15	6.71	6.92	8.17	5.60
Other Financial assets	16	49.90	19.16	3.32	1.26
Other Current assets	17	396.36	323.82	476.53	456.57
		5,853.66	**6,265.66**	**6,087.23**	**5,971.67**
Total Assets		**21,681.85**	**23,031.36**	**23,253.98**	**19,994.34**
EQUITY AND LIABILITIES					
EQUITY					
Equity Share capital	18	100.61	100.61	100.61	100.61
Other Equity	19	7,144.37	7,088.37	6,731.98	5,865.96
		7,244.98	**7,188.98**	**6,832.59**	**5,966.57**
LIABILITIES					
Non-current liabilities					
Financial liabilities					
Borrowings	20	6,026.40	6,682.82	6,932.01	4,303.30
Other Financial Liabilities	21	996.29	1,083.62	912.53	557.02
Provisions	22	2.15	6.82	-	-
Deferred tax liabilities (Net)	23	369.54	370.85	355.26	319.73
		7,394.38	**8,144.11**	**8,199.80**	**5,180.05**
Current liabilities					
Financial Liabilities					
Borrowings	24	1,782.80	2,442.73	1,350.14	2,720.85
Trade payables					
(a) total outstanding dues of micro enterprises & small enterprises	25	77.22	207.62	241.90	49.49
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		2,144.30	2,610.16	3,070.19	3,577.83
Other Financial Liabilities	26	2,317.86	1,792.00	2,647.08	2,168.30
Current tax labilities (Net)	27	1.22	-	50.11	-
Other current liabilities	28	693.78	627.43	810.64	290.38
Provisions	29	25.31	18.33	51.53	40.87
		7,042.49	**7,698.27**	**8,221.59**	**8,847.72**
Total Equity and Liabilities		**21,681.85**	**23,031.36**	**23,253.98**	**19,994.34**

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated statement of assets and liabilities referred to in our report of even date
For Sharp & Tannan
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Chennai
Date : 05-Dec-2020

Shainshad Aduvanni
Company Secretary M.No.A27895

C.B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 05-Dec-2020

Craftsman Automation Limited

Annexure II: Restated Consolidated Statement of Profit and Loss
(All amounts are in INR Millions unless otherwise stated)

Particulars	Note No. of Annexure VII	Period April 1 2020 to September 30 2020	Year ended		
			March 31 2020	March 31 2019	March 31 2018
INCOME					
Revenue from Operations	30	5,337.18	14,924.65	18,180.07	15,115.31
Other Income	31	28.02	85.92	136.36	113.31
Total Income		**5,365.20**	**15,010.57**	**18,316.43**	**15,228.62**
EXPENSES					
Cost of materials consumed	32	2,177.12	5,717.04	7,104.88	5,916.88
Changes in inventories of finished goods and work-in-progress	33	111.51	150.73	(70.15)	(159.15)
Excise duty on sale of goods		-	-	-	324.44
Employee benefits expense	34	569.45	1,709.86	2,168.31	1,986.29
Depreciation and amortization expense	35	866.28	1,949.88	1,761.48	1,491.53
Other expenses	36	1,019.63	3,367.27	4,550.62	4,110.82
Finance costs	37	516.69	1,484.00	1,405.49	1,124.83
Total expenses		**5,260.68**	**14,378.78**	**16,920.63**	**14,795.64**
Profit before share of profit from JV & exceptional items		**104.52**	**631.79**	**1,395.80**	**432.98**
Share of profit from JV	5	0.43	(0.16)	4.03	2.47
Profit before exceptional items		**104.95**	**631.63**	**1,399.83**	**435.45**
Exceptional items	49	-	(57.73)	-	-
Profit before tax		**104.95**	**573.90**	**1,399.83**	**435.45**
Tax expense:					
Net Current Tax	40	65.55	168.35	78.39	-
Deferred tax		(30.26)	(5.18)	347.77	120.11
Profit for the period / year		**69.66**	**410.73**	**973.67**	**315.34**
Other Comprehensive Income					
A (i) Items that will not be reclassified to Statement of Profit and Loss					
- Remeasurement of defined benefit plans		(24.88)	41.29	(8.00)	(11.62)
- Equity Instruments through OCI		(11.00)	(11.63)	(1.65)	(1.58)
- Share of OCI of Joint Venture accounted for using equity method		(0.07)	0.03	0.06	0.07
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss		8.69	(14.43)	2.80	4.06
B (i) Items that will be reclassified to Statement of Profit and Loss					
- Exchange differences in translating the financial statements of foreign operations		6.23	4.83	(5.31)	(13.36)
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		11.34	(21.20)	(128.27)	(56.64)
(ii) Income tax relating to items that will be reclassified to Statement of Profit and Loss		(3.96)	7.41	44.82	19.79
Other Comprehensive Income for the period / year, net of tax		**(13.65)**	**6.30**	**(95.55)**	**(59.28)**
Total Comprehensive Income for the period / year (Comprising Profit and Other Comprehensive Income for the period / year)		**56.01**	**417.03**	**878.12**	**256.06**
Earnings per equity share (Face value of Rs. 5/-) *not annualised					
- Basic (Rs.)		3.46	20.41	48.39	15.67
- Diluted (Rs.)	50	3.46	20.41	48.39	15.67
Earnings (before exceptional item) per equity share (Rs.)		3.46	22.28	48.39	15.67

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated statement of profit and loss referred to in our report of even date
For Sharp & Tannan
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Chennai
Date : 05-Dec-2020

Shainshad Aduvanni
Company Secretary M.No.A27895

C.B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 05-Dec-2020

Craftsman Automation Limited

Annexure III: Restated Consolidated Statement of Cash Flows
(All amounts are in INR Millions unless otherwise stated)

Particulars	Period April 1 2020 to September 30 2020	Year ended March 31 2020	Year ended March 31 2019	Year ended March 31 2018
Cash flows from operating activities				
Profit before tax	104.95	573.90	1,399.83	435.45
Adjustments to reconcile PBT to net cash flows:				
Depreciation and amortization expense	866.28	1,949.88	1,761.48	1,491.53
Gain on sale of assets	(5.80)	(0.28)	(4.38)	0.04
Exchange difference on transaction/translation (loss/(gain))	(48.09)	34.00	(37.56)	(55.59)
Share of Profit of Joint Venture	(0.43)	0.16	(4.03)	(2.47)
MTM Gain / (Loss) - Derivative -(Net)	0.01	3.25	1.56	(45.15)
Allowance for ECL on Advances	0.34	(0.09)	-	2.85
Allowance for ECL on Doubtful debts	21.22	15.44	(5.42)	0.03
Projection for Warranty & Rejection	(4.29)	0.95	9.85	7.00
Interest income (including fair value changes in financial instruments)	(9.74)	(21.63)	(20.93)	(22.50)
Government grant income	(113.82)	(284.42)	(311.56)	(247.50)
Liabilities no longer required written back	(1.68)	(6.18)	(35.62)	(8.92)
Assets no longer receivable written off (including exceptional item)	13.82	69.72	57.70	47.04
Interest expense (including fair value changes in financial instruments)	555.36	1,395.88	1,369.00	1,146.48
Operating cash flow before changes in working capital	1,378.13	3,730.58	4,179.92	2,748.29
Adjustments for:				
Increase/ (Decrease) in provisions	(18.28)	13.96	(7.19)	3.16
Increase/ (Decrease) in other financial liabilities	(42.25)	(26.83)	27.41	53.90
Increase/ (Decrease) in other current liabilities	156.81	(75.43)	162.65	(25.68)
Increase/ (Decrease) in Trade Payables and other Payables	(589.22)	(483.97)	(283.89)	614.23
(Increase)/ Decrease in other non-current assets	25.59	(25.59)	-	-
(Increase)/ Decrease in other financial assets	19.17	(173.58)	8.01	(31.03)
(Increase)/ Decrease in other current assets	(49.18)	143.54	46.46	580.25
(Increase)/ Decrease in trade and other receivables	66.42	189.79	(56.40)	(274.68)
(Increase)/ Decrease in inventories	256.50	(23.07)	(228.47)	(721.46)
Cash generated from operations	1,203.69	3,269.41	3,848.50	2,946.99
Direct taxes paid	(19.66)	(215.70)	(248.46)	(120.00)
Net cash generated / (used) from operating activities - A	**1,184.02**	**3,053.70**	**3,600.04**	**2,826.99**
Cash flows from investing activities				
Purchase of property, plant and equipment	(131.31)	(1,386.91)	(3,558.07)	(2,038.63)
Purchase of Intangible assets	(0.50)	(17.43)	(52.67)	(82.59)
Proceeds from sale of property, plant and equipment	28.33	14.15	6.11	2.83
Purchase of unqouted shares	0.00	(2.09)	(0.39)	(11.51)
Interest received	9.74	21.63	20.93	22.50
Net cash generated / (used) in investing activities - B	**(93.74)**	**(1,370.65)**	**(3,584.09)**	**(2,107.40)**
Cash flows from financing activities				
Proceeds from long-term borrowings	539.80	1,438.95	4,215.87	1,444.97
Repayment of long term borrowings	(578.86)	(2,198.54)	(1,555.39)	(1,291.10)
Proceeds from/ (repayments to) short-term borrowings	(630.10)	1,094.51	(1,411.53)	469.45
Principal repayments towards lease liability	(84.16)	(167.31)	(121.70)	(86.33)
Interest paid (incl. interest on lease liability)	(547.44)	(1,386.29)	(1,297.50)	(1,133.15)
Dividend Paid (incl. Addditional tax on dividend paid)	-	(60.64)	(12.10)	(6.96)
Net cash generated / (used) in financing activities- C	**(1,300.76)**	**(1,279.32)**	**(182.34)**	**(603.12)**
Net increase in cash and cash equivalents - (A+B+C)	(210.47)	403.73	(166.39)	116.47
Cash and cash equivalents at beginning of period / year	597.61	193.05	360.43	240.31
Effect of exchange rate changes on cash and cash equivalents	0.50	0.83	(0.99)	3.65
Cash and cash equivalents at end of period / year	**387.64**	**597.61**	**193.05**	**360.43**
Reconciliation of Cash & Cash equivalents				
Cash & cash equivalents consists of:				
Cash in hand	0.24	1.11	0.76	1.02
Balances with banks				
(i) in current accounts	387.40	596.50	194.21	366.17
(ii) Overdraft (refer note: 24 to Annexure VII)	-	-	(1.92)	(6.76)
Total	**387.64**	**597.61**	**193.05**	**360.43**
(Refer to note: 20 to Annexure VII for Net Debt Reconciliation)				

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated statement of cash flows referred to in our report of even date
For Sharp & Tannan
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Chennai
Date : 05-Dec-2020

Shainshad Aduvanni
Company Secretary M.No.A27895

C.B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 05-Dec-2020

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 193.

Company Registration Number: 001816

Corporate Identity Number: U28991TZ1986PLC001816

Registered and Corporate Office

Senthel Towers
IV Floor, 1078, Avanashi Road
Coimbatore 641 018
Tamil Nadu, India

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
No.7, AGT Business Park, I Floor, Phase II
Avinashi Road, Civil Aerodrome Post
Coimbatore 641 014
Tamil Nadu, India

Board of Directors

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

Name and Designation	DIN	Address
Srinivasan Ravi *Designation:* Chairman and Managing Director	01257716	Old No. 153, New No. 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India.
Ravi Gauthamram *Designation*: Whole-time Director	06789004	Old No. 153, New No. 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India.
Udai Dhawan *Designation:* Nominee Director	03048040	46, 2nd Floor, Poorvi Marg, Vasant Vihar, New Delhi 110 057, India.
Chandrashekhar Madhukar Bhide *Designation:* Independent Director	00027967	104, Ajay Apartments, T. H. Kataria Marg, Mahim, Mumbai 400 016, Maharashtra, India.
Sundararaman Kalyanaraman *Designation:* Independent Director	01252878	S-31, Kirloskar Colony, 3rd Stage, Basaveshwara Nagar, Bengaluru 560 079, Karnataka, India.
Vijaya Sampath *Designation:* Independent Director	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 202.

Company Secretary and Compliance Officer

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

Senthel Towers
IV Floor, 1078, Avanashi Road
Coimbatore 641 018
Tamil Nadu, India
Tel: (91 422) 716 5000
E-mail: investor@craftsmanautomation.com

Book Running Lead Managers

Axis Capital Limited
1st Floor, Axis House
C-2, Wadia International Centre
P. B. Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: (91 22) 4325 2183
E-mail: cal.ipo@axiscap.in
Investor grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Sagar Jatakiya / Akash Aggarwal
SEBI Registration No: INM000012029

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

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-ordination
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy	Axis and IIFL	Axis
2.	Due diligence of the Company including its operations / management / business plans / legal etc., drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalization of the Red Herring Prospectus, the Prospectus, the Offer Agreement, the Syndicate Agreement and Underwriting Agreement and RoC filing	Axis and IIFL	Axis
3.	Drafting and approval of all statutory advertisements	Axis and IIFL	Axis
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in point 3 above, including corporate advertising and brochures	Axis and IIFL	IIFL
5.	Appointment of intermediaries (including coordination of all agreements) and filing of media compliance report with SEBI	Axis and IIFL	IIFL
6.	Preparation of road show presentation and frequently asked questions for the road show team	Axis and IIFL	Axis
7.	International institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy • Finalising the list and division of international investors for one-to-one meetings • Finalising international road show and investor meeting schedules	Axis and IIFL	Axis
8.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Finalising the list and division of domestic investors for one-to-one meetings • Finalising domestic road show and investor meeting schedules	Axis and IIFL	IIFL
9.	Conduct non-institutional marketing of the Offer	Axis and IIFL	IIFL

S. No	Activity	Responsibility	Co-ordination
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, Red Herring Prospectus/Prospectus and deciding on the quantum of the Offer material	Axis and IIFL	Axis
11.	Coordination with the Stock Exchanges for book building software, bidding terminals and mock trading	Axis and IIFL	IIFL
12.	Deposit of 1% security deposit with the Designated Stock Exchange	Axis and IIFL	Axis
13.	Managing the book and finalization of pricing in consultation with Company and Selling Shareholders	Axis and IIFL	IIFL
14.	Post-Offer activities – managing anchor book related activities and submission of letters to regulators post completion of anchor allocation, management of escrow accounts, finalization of the Basis Of Allotment based on technical rejections, post Offer stationery and preparation of CAN for Anchor Investors, essential follow-up steps including follow-up with bankers to the Offer and SCSBs and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, bankers to the Offer, SCSBs, etc. listing of instruments, demat credit and refunds/ unblocking of funds, announcement of allocation and dispatch of refunds to Bidders, etc., payment of the applicable securities transaction tax on behalf of the Selling Shareholders, coordination for investor complaints related to the Offer, submission of final post issue report and coordination with SEBI and the Stock Exchanges for refund of 1% security deposit.	Axis and IIFL	IIFL

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

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

Legal Counsel to the Investor Selling Shareholders

AZB & Partners
Onyx Towers, 1101-B 11th Floor
North Main Road,
Koregaon Park
Pune 411 001
Maharashtra, India
Tel: (91 20) 6725 6666

and

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

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
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

[●]

Sponsor Bank

[●]

Self Certified Syndicate Banks

The list of SCSBs is available at 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 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 (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 (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as their name and contact details, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Auditors of our Company

Sharp & Tannan
Chartered Accountants
A4 III Floor, Parsn Manare
602 Anna Salai
Chennai 600 006
Tamil Nadu, India
Tel: (91 44) 2827 4368
E-mail: chennai@sharpandtannan.com
ICAI Registration Number: 003792S
Peer Review Number: 011708

Changes in the Statutory Auditors

Except as stated below, there has been no change in the statutory auditors of our Company during the three years immediately preceding the date of this Draft Red Herring Prospectus:

Particulars	Date of change	Reason for change
Sharp & Tannan, Chartered Accountants	May 20, 2020	Appointment as the Statutory Auditors
PKF Sridhar & Santhanam LLP, Chartered Accountants	May 20, 2020	Completion of term of appointment

Bankers to our Company

HDFC Bank Limited
Corporate Banking
9th Floor, No. 115
Dr. Radhakrishnan Salai, Mylapore
Chennai - 600 004
Tamil Nadu, India
Tel: (91 44) 2847 7249
E-mail: prasanna.ranganathan@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Prasanna Ranganathan, Relationship Manager

IDBI Bank Limited
IDBI Bank – Specialised Corporate Branch
No. 72, Mayflower, “E” Castle
Sr. Balasundaram Road, Off. Avinashi Road
Coimbatore – 641 018
Tamil Nadu, India
Tel: (91 422) 429 9031 / 34
E-mail: vijaya.sekhar@idbi.co.in
Website: www.idbibank.in
Contact Person: M Vijaya Sekhar Babu, Deputy General Manager

State Bank of India
Commercial Branch
No. 1087/A-F, Krishna Towers
Avinashi Road
Coimbatore – 641 037
Tamil Nadu, India
Tel: (91 422) 266 3304
E-mail: rm4.cbcbe@sbi.co.in
Website: www.sbi.co.in
Contact Person: K. Sekar

RBL Bank Limited
Coimbatore branch, R.G Chambers
726, Avinashi Road
New T.S No. 1/1396/#B
Coimbatore – 641 018
Tamil Nadu, India
Tel: (91 422) 444 2132
E-mail: sivamani.s@rblbank.com
Website: www.rblbank.com
Contact Person: Sivamani.S

Indian Bank
31, Variety Hall Road
Coimbatore
Tamil Nadu, India
Tel: (91 422) 239 9266
E-mail: mcb.coimbatore@indianbank.co.in
Website: www.indianbank.co.in
Contact Person: Y.P. Mishra

Standard Chartered Bank
No. 19, Rajaji Salai
Chennai – 600 001
Tamil Nadu, India
Tel: (91 422) 420 0394
E-mail: joseph.samragland@sc.com
Website: www.standardchartered.co.in
Contact Person: Joseph Sam Ragland

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 shall appoint a monitoring agency in relation to the Fresh Issue, if required under Regulation 41 the SEBI ICDR Regulations prior to filing of the Red Herring Prospectus.

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 Fiscals.

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.

Filing

A copy of this Draft Red Herring Prospectus is being filed electronically on the SEBI's online portal and at cfddil@sebi.gov.in, in accordance with the instructions issued by SEBI on March 27, 2020, in relation to "Easing of Operational Procedure –Division of Issues and Listing –CFD".

This Draft Red Herring Prospectus is being filed with the Securities and Exchange Board of India at:

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, 'G' Block

Bandra Kurla Complex
Bandra (East)
Mumbai 400 051, 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
No.7, AGT Business Park, I Floor, Phase II
Avinashi Road, Civil Aerodrome Post
Coimbatore 641 014
Tamil Nadu, India

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 all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Tamil regional daily newspaper, Tamil being the regional language in Coimbatore where our Registered Office is located), at least two 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 respective websites. 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. For details, see "***Offer Procedure***" on page 352.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the Retail Individual Investors may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors (subject to the Bid Amount being up to ₹ 200,000) can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.

For further details on the method and procedure for Bidding and book building procedure, see "***Offer Structure***" and "***Offer Procedure***" on pages 349 and 352, respectively.

The Book Building Process under the SEBI ICDR Regulations and the Bidding process 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: (i) obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) filing of the Prospectus with the RoC.

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)

Name, address, telephone, facsimile and e-mail of the Underwriters	**Indicative Number of Equity Shares to be Underwritten**	**Amount Underwritten** *(in ₹ million)*
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

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 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 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)	**AUTHORIZED SHARE CAPITAL**		
	40,000,000 Equity Shares of face value of ₹ 5 each	200.00	-
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	20,121,600 Equity Shares of face value of ₹ 5 each	100.61	-
C)	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	[●] Equity Shares of face value of ₹ 5 each:	[●]	[●]
	(i) Fresh Issue of up to [●] Equity Shares of face value of ₹ 5 each(1)	[●]	1,500.00
	(ii) Offer for Sale of up to 4,521,450 Equity Shares of face value of ₹ 5 each(2)	22.61	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares of face value of ₹ 5 each	[●]	-
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		1,379.53
	After the Offer		[●]

(1) The Offer has been authorized by our Board pursuant to resolutions passed at its meeting held on December 5, 2020 and the Shareholders pursuant to a resolution passed at their meeting held on December 7, 2020.

*(2) 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 54 and 335, respectively.*

Notes to Capital Structure

1. **Share Capital History**

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

Date of allotment	Number of equity shares	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Reason/ nature of allotment
July 18, 1986	303	100	100	Cash	Subscription to the MoA (1)
March 29, 1989	1,697	100	100	Cash	Further issue(2)
March 31, 1992	3,000	100	100	Cash	Further issue(3)
March 31, 1997	20,000	100	100	Cash	Further issue(4)
March 31, 2000	35,000	100	100	Cash	Further issue(5)
March 31, 2004	25,000	100	100	Cash	Further issue(6)
March 26, 2007	95,000	100	100	Cash	Further issue(7)
March 26, 2007	225,000	100	N.A.	N.A.	Bonus issue(8)
September 20, 2010	66,263	100	6,791.12	Cash	Further issue(9)
August 2, 2012	89,100	100	9,548.80	Cash	Further issue(10)
August 21, 2012	14,540	100	9,548.80	Cash	Further issue(11)
December 21, 2017	431,177	100	N.A.	N.A.	Bonus issue(12)
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**

(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 – Shareholders' Agreements and Other Agreements**" on page 197.*

(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.

2. As on date of this Draft Red Herring Prospectus, our Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves at any time since incorporation.

3. 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.

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

5. 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.

6. **History of Equity Share Capital 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/acquisition of equity shares	Number of equity shares	Face value per equity share (₹)	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 Ramesh Muthuramalingam	0.21	[●]
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 14 and 16 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 of equity shares	Nature of Transaction	Face value per equity share* (₹)	Issue/Acquisition Price per equity share (₹)	% 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.

For further information on the build-up of the Equity Share capital of our Company held by our Promoter, see "- ***History of Equity Share Capital Build-up, Contribution and Lock-in of Promoter's Shareholding***" on page 69.

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 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 Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Minimum Promoter's Contribution under Regulation 15 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 of the Company 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; and

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

All Equity Shares held by our Promoter are in dematerialized form.

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

In terms of Regulation 17 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) Offered 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 21 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 or a Systemically Important NBFC or a housing finance company as collateral security for loans granted by such entities, 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. However, such lock-in will continue pursuant to any invocation of the pledge and the transferee of the Equity Shares pursuant to such invocation shall not be eligible to transfer the Equity Shares until the expiry of the lock-in period stipulated above.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by our Promoter and lock-in pursuant to Regulation 16 of the SEBI ICDR Regulations for a period of three years, may be transferred amongst our Promoter and any member of the Promoter Group or a new promoter, 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 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than our Promoter and locked-in pursuant to Regulation 17 of the SEBI ICDR Regulations 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.

7. ***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.	Chithra Ravi	200	Negligible	[●]	[●]
3.	Ravi Gauthamram	200	Negligible	[●]	[●]
4.	R. Mirthula	200	Negligible	[●]	[●]
	Total	**2,126,860**	**10.57**	**[●]**	**[●]**

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

8. None of the members of our Promoter Group, nor our Directors and their relatives has purchased or sold Equity Shares, during the six months immediately preceding the date of this Draft Red Herring Prospectus.

9. There are no financing arrangements whereby the members of our Promoter Group, our Directors and

their relatives have financed the 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 this Draft Red Herring Prospectus.

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10. **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	12,757,500
(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	7,364,100
(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**	**20,121, 600**

11. ***Other details of Shareholding of our Company***

(a) 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 holds any Equity Shares in our Company.

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

(c) The details of our Shareholders holding 1% or more of the paid-up Share Capital of our Company, on a fully diluted basis: (i) as on the date of this Draft Red Herring Prospectus; (ii) as of 10 days prior to the date of this Draft Red Herring Prospectus; (iii) as of one year prior to the date of this Draft Red Herring Prospectus; (iv) as of two years prior to the date of this Draft Red Herring Prospectus, are set out below:

S. No.	Shareholder	Number of Equity Shares held*	Percentage of the pre-Offer Equity Share Capital (%)	Number of Equity Shares on a fully diluted basis	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)
1.	Srinivasan Ravi	10,630,640	52.83	10,630,640	52.83
2.	Marina	3,118,500	15.50	3,118,500	15.50
3.	IFC	2,828,100	14.06	2,828,100	14.06
4.	S. Murali	2,126,260	10.57	2,126,260	10.57
5.	K. Gomatheswaran	1,417,500	7.04	1,417,500	7.04
	Total	**20,121,000**	**99.99**	**20,121,000**	**99.99**

12. 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 issue or further public issue of Equity Shares or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.

13. Our Company, our Directors and the BRLMs have not entered into any buy-back arrangements for the purchase of Equity Shares being offered through this Offer.

14. For further information relating to the cost of acquisition of Equity Shares by our Promoter, see the "***Summary of the Offer Document***" on page 17.

15. 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. The Equity Shares to be issued or transferred pursuant to the Offer shall be fully paid up at the time of Allotment.

16. The BRLMs and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) 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.

17. 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.

18. 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.

19. 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 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.

20. 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.

21. 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 filing this Draft Red Herring Prospectus 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 ₹ 1,500.00 million by our Company and an Offer for Sale of up to 4,521,450 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders.

The Offer for Sale

Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. 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 (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, respectively, 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. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all the Offer related expenses will be borne exclusively 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 such 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 ₹ 1,500.00 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 availed of by our Company; 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, the listing of our Equity Shares is intended to 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	1,500.00
(Less) Offer expenses to the extent applicable to the Fresh Issue[(1)]	[●]
Net Proceeds	**[●]**

(1) *To be finalized 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 Company	1,200.00

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

**To be finalized upon determination of the Offer Price. The amount utilized 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 2022
Repayment/pre-payment, in full or part, of certain borrowings availed of by our Company	1,200.00	1,200.00
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 expect that such alternate arrangements to 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 26.

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. Repayment/pre-payment, in full or part, of certain borrowings 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 324.

As of September 30, 2020, we had total secured borrowings (long term and short term) of ₹ 9,634.83 million. Our Company proposes to utilize an aggregate amount of ₹ 1,200.00 million from the Net Proceeds towards repayment/pre-payment, in full or in part, of certain borrowings 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 receipt of proceeds from the

Fresh Issue. Accordingly, our Company may utilize 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 utilized 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 ₹ 1,200.00 million. The prepayment or scheduled repayment will help us reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilization of our internal accruals for further investment in business growth and expansion. In addition, the improvement in the debt to equity ratio of our Company is intended to enable 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 operating lease, sales bill discounting, sales/purchase invoice bill discounting, buyer's credit, bank guarantee and letter of credit facilities availed by our Company) availed of by our Company as on September 30, 2020, which we propose to prepay or repay, in full or in part, from the Net Proceeds for an aggregate amount of ₹ 1,200.00 million without any obligation to any banks/financial institutions:

Lender	Nature and purpose of loan facility availed	Sanctioned Amount			Rate of interest as on September 30, 2020 (p.a.)	Repayment Schedule**	Prepayment Penalty	Amount outstanding as on September 30, 2020* (*in ₹ million*)
		Currency	Amount (*in relevant foreign currency*) (*in ₹ million*)	Amount (*in ₹ million*)				
State Bank of India	Term loan facility - Capital expenditure	INR	720.00	720.00	2.60% above MCLR rate	72 monthly instalments	2.00% of the amount to be prepaid	375.65
ICICI Bank Limited	Term loan facility - Capital expenditure	INR	250.00	250.00	1.70% above the MCLR rate	Sub-limit of ₹ 500.00 million repayable in 15 quarterly instalments	1.00% of the amount to be prepaid	342.27
	Long term working capital	INR	500.00	500.00	1.70% above the MCLR rate	Sub-limit of ₹ 250.00 repayable in 25 quarterly instalments		
EXIM Bank	Term loan facility - Capital expenditure	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	183.44#
	Term loan facility - Capital expenditure	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	88.23#
Standard Chartered Bank	Term loan facility	USD	5.00	375.00#	2.75% above three month LIBOR	20 quarterly instalments	-	370.30#

	- Capital expenditure							
	Term loan facility - Capital expenditure	USD	8.00	518.00#	2.50% above three month LIBOR	20 quarterly instalments	-	385.11#
	Term loan facility - Capital expenditure	USD	6.00	397.20#	2.75% above three month LIBOR	20 quarterly instalments	-	155.53#
RBL Bank Limited	Term loan facility - Capital expenditure	INR	400.00	400.00	0.50% above one year MCLR	24 quarterly instalments	Discretion of the bank and payment of premium	249.95
IDBI Bank Limited	Term loan facility - Capital expenditure	INR	320.00	320.00	2.45% above one year MCLR	20 quarterly instalments	2.00% on the balance amount of loan and for the residual period of prepayment	127.96
Bajaj Finance Limited	Term loan facility - Capital expenditure	INR	500.00	500.00	10.40%	24 quarterly instalments	-	237.50
	Term loan facility - Capital expenditure	INR	400.00	400.00	10.25%	24 quarterly instalments	2.00% on the outstanding loan amount	283.33
Kotak Mahindra Bank	Term loan facility - Capital expenditure	INR	320.00	320.00	Rate applicable agreed between bank and borrower	20 quarterly instalments	2.00% on the outstanding loan amount	119.54
Indian Bank Limited	Term loan facility – Long term working capital	INR	750.00	750.00	1.75% above one year MCLR	48 monthly instalments	2.00% of the drawing limit or outstanding, whichever is higher	756.16
	Term loan facility - Capital expenditure	INR	350.00	350.00	1.05% above one year MCLR	60 monthly instalments	2.00% of the drawing limit or balance outstanding, whichever is higher.	174.81
	Term loan facility - Capital expenditure	INR	368.00	368.00	1.15% above one year MCLR	20 quarterly instalments	2.00% of the drawing limit or balance outstanding, whichever is higher.	281.00
IndusInd Bank Limited	Term loan facility – Long	INR	500.00	500.00	1.00% above one year MCLR	20 quarterly instalments	Prepayment charge / fee as stipulated	400.00

	term working capital						from time to time	
IDFC First Bank	Term loan facility - Long term working capital	INR	250.00	250.00	1.40% above IDFC First Bank MCLR	16 quarterly instalments	1.00% on amount outstanding	150.00
	Term loan facility - Long term working capital	EUR	1.91	150.00[#]	5.00%	16 quarterly instalments	To be decided at the time of prepayment	145.10[#]
	Term loan facility - Long term working capital	EUR	1.22	100.00[#]	4.37%	16 quarterly instalments	To be decided at the time of prepayment	86.75[#]
International Finance Corporation	Term loan facility - Capital expenditure	USD	30.00	2175.00[#]	2.75% above six month LIBOR	13 half yearly instalments	Prepayment penalty - a) 2% of the amount if prepayment is made before 36 months after the first disbursement b) 1% of the amount if prepayment is made after 36 months but before 60 months after the first disbursement c) 0% of the amount if prepayment is made after 60 months after the first disbursement.	2,221.80[#]
Mahindra & Mahindra Financial Services Ltd	Term loan facility - Capital expenditure	INR	400.00	400.00	1.70% above SBI base rate	48 equal monthly instalments	-	358.13
CSB Bank Limited	Term loan facility - Capital expenditure	INR	250.00	250.00	0.60% above 1 year MCLR	60 monthly instalments	2% on the difference between ideal balance and balance outstanding	191.67
Tata Capital Finance Services Limited	Term loan facility – Long term working capital	INR	400.00	400.00	7.75% below the LTLR subject to a minimum of 10.75% p.a.	Principal – 20 quarterly instalments Interest – 60 monthly instalments	3.00 % on the entire outstanding dues	202.50

State Bank of India (*Consortium*)	Working capital facility (Fund based)	INR	1,300.00	1,300.00	2.00% above 1 year MCLR	Repayable on Demand	-	784.26
HDFC Bank Limited (*Consortium*)	Working capital facility	INR	300.00	300.00	Linked to HDFC MCLR	Repayable on demand	-	108.72
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	-	393.95
IDBI Bank Limited (*Consortium*)	Working capital facility	INR	300.00	300.00	Applicable spread over MCLR	Repayable on demand	-	40.00
Indian Bank Limited (*Consortium*)	Fund based working capital	INR	700.00	700.00	1.40% above one year MCLR	Repayable on Demand	-	437.21
RBL Bank Limited	Working capital facility - fund based	INR	100.00	100.00	0.50% above one year MCLR	Repayable on demand	-	18.66
Total				**14,338.20**				**9,634.83**

Notes:

1. Excluding operating lease, sales bill discounting, sales/purchase invoice bill discounting and letter of credit facilities availed by our Company and interest accrued but not due as at September 30, 2020.

2. Unamortized portion of upfront fee of ₹ 34.70 million has been deducted.

** As per certificate issued by our Statutory Auditors dated December 9, 2020.*
*** The repayment schedule is based on the total sanctioned amount for each of the financing arrangements.*
 # Basis the conversion rate of ₹ 74.06 per USD and ₹ 87.50 per EUR on September 30, 2020 as per exchange rates published by State Bank of India.

As per the certificate dated December 9, 2020 issued by our Statutory Auditors, the amounts drawn down under above-mentioned loans have been utilized towards purposes for which such loans have been availed. For further information on the terms and conditions of these financing arrangements, see "***Financial Indebtedness***" on page 324.

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. However, the aggregate amount to be utilized from the Net Proceeds towards repayment/prepayment of loans, in part or full, availed of by our Company will not exceed ₹ 1,200.00 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 availed of by 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 our 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 2013. 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 and Sponsor Bank 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. The estimated Offer expenses are as follows:

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 Members of the Syndicate, 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	[●]	[●]	[●]

S. No	Activity	Estimated amount* (*in ₹ million*)	As a % of total estimated offer Expenses*	As a % of Offer Size*
	(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 and is exclusive of all applicable taxes.*

(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*

Fees payable to the Sponsor Bank – [●]

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/RTA/CDP, the commission is payable, the terminal from which the bid has been uploaded will be taken into account.

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 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 has appointed [●] as the monitoring agency for monitoring the utilization of Net Proceeds, as the proposed Fresh Issue exceeds ₹ 1,000.00 million in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our 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 disclose and continue to disclose details of all monies utilized out of the Fresh Issue till the time any part of the Fresh Issue proceeds remain unutilized, under an appropriate head in the balance sheet of our Company. 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 utilized for purposes other than those stated in this 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 utilized 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 utilization of the Net proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the utilization 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 2013 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 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

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoter, members of the Promoter Group, Directors, Group Companies or Key Managerial Personnel. No part of the Net Proceeds will be utilized by our Company as consideration to our Promoter, members of the Promoter Group, Directors, Group Companies 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 Companies 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 22, 167 and 224, 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 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 with the ability to interchange capacity and product mix.

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

4. Extensive manufacturing footprint, with strategically located manufacturing facilities.

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

6. Robust financial performance in challenging business environment.

For further information, see "***Business - Strengths***" on page 169.

Quantitative Factors

Some of the information presented in this chapter is derived from the Restated Financial Information. For further information, see "***Financial Information***" on page 224.

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

Fiscal / period ended	Basic EPS** (₹)	Diluted EPS** (₹)	Weight
March 31, 2020	20.41	20.41	3
March 31, 2019	48.39	48.39	2
March 31, 2018	15.67	15.67	1
Weighted Average	**28.95**	**28.95**	
September 30, 2020*	3.46	3.46	-

** Not annualized*

*** Adjusted for bonus issue of equity shares and sub-division of equity shares*

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 attributable to equity shareholders/Weighted average number of shares outstanding during the period or Fiscal*

4. *Diluted Earnings per share = Net profit attributable to equity shareholders/Weighted average number of diluted Equity Shares outstanding during the period or Fiscal*

5. *Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the Fiscal, adjusted by the number of Equity Shares issued during the Fiscal 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 Fiscal.*

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 Floor Price (no. of times)	P/E at Cap Price (no. of times)
Based on basic EPS of ₹ [●] as per the Restated Financial Information for the year ended March 31, 2020	[●]	[●]
Based on diluted EPS of ₹ [●] as per the Restated Financial Information for the year ended March 31, 2020	[●]	[●]

Industry P/E ratio*

Particulars	P/E
Highest	157.85
Lowest	17.14
Average	60.75

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 88.*

3. Return on Net Worth ("RoNW")

Fiscal ended	RoNW (%)	Weight
March 31, 2020	6.19	3
March 31, 2019	15.51	2
March 31, 2018	5.83	1
Weighted Average	**9.24**	
September 30, 2020*	1.04	-

** Not annualized*

Note:

1. *Net worth = Paid-up share capital + other equity (excluding revaluation reserves).*
2. *Return on net worth (%) = Net profit attributable to equity shareholders/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. Net Asset Value ("NAV")

Net Asset Value per Equity Share	(₹)
As on September 30, 2020	332.52
As on March 31, 2020	329.73
After the Offer	[●]
Offer Price	[●]

Notes:

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

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

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	Consolidated	Face value (₹ per share)	Closing price on December 4, 2020 (₹)	Total Revenue (in ₹ million)	EPS (₹) Basic	EPS (₹) Diluted[1]	NAV[2] (₹ per share)	P/E[3]	RoNW[4] (%)
Company#	Consolidated	5	-	14,924.65	20.41	20.41	329.73	-	6.19%
PEER GROUP									
Bharat Forge Limited*	Consolidated	2	551.95	80,558.44	7.51	7.51	112.80	73.50	6.65%
Endurance Technologies Limited*	Consolidated	10	1,168.55	69,177.07	40.2	40.2	213.71	29.07	18.81%
Jamna Auto Industries Limited*	Consolidated	1	55.6	11,289.51	1.2	1.2	12.97	46.33	9.27%
Mahindra CIE Automotive Limited*	Consolidated	10	159.95	79,078	9.34	9.33	122.26	17.14	7.64%
Minda Industries Limited#	Consolidated	2	393.05	54,651.40	5.91	5.91	80.03	66.51	8.94%
Sundram Fasteners Limited*	Consolidated	1	539.4	37,232.30	15.46	2.97	95.39	34.89	16.29%
Ramkrishna Forgings Limited*	Consolidated	10	468.8	121,64.72	2.97	15.46	268.28	157.85	1.11%

Note: # Based on Restated Financial Information for the year ended March 31, 2020
** Based on Annual Reports for the year ended March 31, 2020 as submitted to the Stock Exchanges*

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

(2) NAV is computed as the net worth including non-controlling interest at the end of the year 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: NSE) on December 4, 2020, divided by the diluted EPS provided under Note (1).

(4) RoNW is computed as net profit attributable to equity shareholders divided by net worth including non-controlling interest at the end of the year.

The trading price of the Equity Shares could decline due to the factors mentioned in the section titled "***Risk Factors***" on page 22 and any other factors that may arise in the future and you may lose all or part of your investments.

The Offer Price of ₹ [●] has been determined by our Company and Investor Selling Shareholders, in consultation with the BRLMs, 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 BRLMs, 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 22, 167 and 224, respectively, to have a more informed view. The trading price of the Equity Shares 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
Senthel Towers, IV Floor,
1078, Avinashi Road,
Coimbatore – 641 018,
Tamil Nadu, India.

Re: Proposed initial public offering of equity shares of face value of ₹ 5 each (the "Equity Shares") of Craftsman Automation Limited (the "Company" and such offering, the "Fresh Issue") and an offer for sale of Equity Shares by certain existing shareholders of the Company (the "Offer for Sale", and together with the Fresh Issue, the "Offer")

1. This report is issued in accordance with the terms of our engagement letter dated 28 November 2020.

2. The accompanying Statement of Possible Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as the "**Statement**") under the direct tax laws (including the Income-tax Act, 1961, as amended) and indirect tax laws read with respective rules, regulations, circulars, notifications, orders, etc., presently in force in India as on the date of this report has been prepared by the management of the Company ("the Management") in connection with the proposed Offer for purposes of disclosure in the Draft Red Herring Prospectus of the Company pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**"). We have initialed and sealed the Statement for identification purposes only.

Management's Responsibility

3. The preparation of the Statement is the responsibility of the Management. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the direct and indirect tax laws and regulations applicable to its activities.

4. There are no material subsidiaries identified by the Company on the date of this report.

Auditor's Responsibility

5. Pursuant to the SEBI ICDR Regulations, it is our responsibility to report whether the Statement prepared by the Management, presents, in all material respects, the possible special tax benefits available to the Company and its shareholders as identified by the Management in accordance with direct tax laws (including the Income Tax Act, 1961, as amended) and indirect tax laws, presently in force in India as on the date of this report.

6. We have conducted our verification of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), as revised from time to time, issued by the Institute of Chartered Accountants of India ("the Guidance Note"). This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India, as revised from time to time.

7. It is imperative to note that we have relied upon a representation from the Management of the Company.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements'

Inherent Limitations

9. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the respective tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive and conclusive. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

   The contents stated in the Statement are based on the information and explanations obtained from the Management. The Statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences and 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 issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

   Further, we give no assurance whether

   - the Company or its Shareholders will continue to obtain these benefits in future;
   - the conditions prescribed for availing the benefits have been/would be met;
   - the revenue authorities / courts will concur with our views expressed herein.

   Our views are based on the existing provisions of the direct tax laws (including Indian Income Tax Act, 1961, as amended) and indirect tax laws, presently in force in India 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**.** Nothing in this para shall limit our liability to any person which cannot be lawfully limited.

   Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. Our view is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the existing tax laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement.

Opinion

10. In our opinion, the Statement prepared by the Management presents, in all material respects, the possible special tax benefits available as on the date of this report to the Company and its shareholders as identified by the Management in accordance with the direct tax laws (including the Income Tax Act, 1961, as amended) and indirect tax laws, presently in force in India.

Restriction on Use

11. This report is addressed to and provided to the Board of Directors of the Company solely for the purposes of the disclosure in Draft Red Herring Prospectus, in connection with the Offer, pursuant to the SEBI ICDR Regulations. This report should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Sharp & Tannan
Chartered Accountant
Firm Registration No: 003792S

V Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAACK8027

Certificate No: C/CAL/13846
Place: Chennai
Date: 9 December 2020

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

The information outlined below sets out the possible 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 Indian direct tax laws (including the Income Tax Act) and rules currently in force in India (i.e., applicable for the financial year 2020-21 relevant to the assessment year 2021-22) and current provisions of the indirect tax laws and the rules, regulations, orders, circulars, etc., thereunder. The legislations, their judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the implications listed below. Accordingly, any change or amendments in the law or relevant regulations would necessitate a review of the below. 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 possible 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 fulfil. This Statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them

A. DIRECT TAXATION:

I. Special Tax Benefits available to the Company:

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) Deduction Under section 80M

As per the provisions of Section 80M of the Act, dividend received by the Company from any other domestic company or a foreign company shall be eligible for deduction while computing its total income for the relevant year. A deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. Since the Company has investments in Indian companies and foreign subsidiaries, it can avail the above-mentioned benefit under Section 80M of the Act

e) 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.

f) Concessional tax rate under section 115BAA

The Company is eligible to opt for the beneficial tax rate of 22% (plus applicable surcharge and cess) as provided under Section 115BAA of the Act, subject to the condition that going forward it does not claim the deductions as specified in Section 115BAA(2) of the Act and computes total income as per the provisions of Section 115BAA(2) of the Act. Proviso to Section 115BAA(5) provides that once the Company opts for paying tax as per Section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other Previous Year.

Further, the provisions of Section 115JB i.e. MAT provisions shall not apply to the Company on exercise of the option under section 115BAA. And the MAT Credit available, if any, would become unutilizable upon exercise of the option. Hence the company has not opted for this benefit for the AY 2020-21 and would avail the benefit only after utilization of the MAT Credit available.

II. Special Tax Benefits available to the Shareholders under the Act:

a) Section 112A

As per Section 112A, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains. The tax on capital gains shall be levied in excess of Indian Rupees One lakh.

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

B. INDIRECT TAXATION

I. Special Tax Benefits available to the Company:

The Company is availing the following benefits under certain Indian indirect Tax Laws

a) Export rebate on payment of IGST

In accordance with provisions under Rule 96 of the Central Goods and Services Tax (CGST) Rules, 2017 relating to “Refund of IGST on Exported Goods/ Services”, the Company is entitled for refund on GST paid on export of goods.

b) Export under Letter of Undertaking without payment of IGST

As per rule 96A of the CGST Rules, 2017 and vide CBEC Circular No. 8-08-2017- GST dated 4 October 2017, the Company is entitled to avail input tax credit on exports made under Letter of Undertaking without payment of output tax.

c) Export to SEZ unit

As per Section 16 of IGST Act, the Company is eligible to claim input tax credit on sale of goods to units in Special Economic Zones SEZ even though such sales are not taxable.

d) Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS) scrips:

The Company is entitled for MEIS and SEIS scrips under Foreign Trade Policy 2015-2020 towards export of goods and services, respectively. These scrips can either be used towards payment of customs duty on import or be sold in the market. MEIS scheme will be discontinued from 1 January 2021 as per notification no 30/2015-2020 dated 1 September 2020.

e) Export Promotion Capital Goods (EPCG):

This scheme allows the Company to import capital goods at zero rates of customs duty. The scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within six years from the date of issuance of the authorization.

f) Duty Drawback:

The Company avails Duty Drawback which are made to grant rebate of duty or tax chargeable on any imported / excisable materials and input services used in the manufacture of export goods. The duties and taxes neutralized under the scheme are (i) Customs and Union Excise Duties in respect of inputs and (ii) Service Tax in respect of input services.

Duty Drawback is of two types: (i) All Industry Rate and (ii) Brand Rate. The legal framework is provided under Section 75 and Section 76 of the Customs Act, 1962 and the Customs and Central Excise Duties and Service Tax Drawback Rules, 1995 (Drawback Rules, 1995) issued under the provisions of Section 75 of the Customs Act, 1962, Section 37 of the Central Excise Act, 1944 and Section 93A read with section 94 of the Finance Act, 1994.

II. Special Tax Benefits available to the Shareholders under the Act:

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

For Craftsman Automation Limited

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Authorised Signatory
Name: C.B. Chandrasekar
Designation: Chief Financial Officer

Place: Coimbatore
Date: 9 December 2020

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 December 2020, 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.

GLOBAL ECONOMY

The global economy has been under turmoil ever since the first wave of the Covid-19 pandemic at the start of the calendar year. Succeeding waves of Covid-19 infections are leaving the global economy gasping for air when it resurfaces from the depths, as seen in April 2020. Economic activity has normalised faster than anticipated, according to the International Monetary Fund (IMF), with support from government investment (China) and transfers supporting household incomes as in the United States (US) and Europe. However, the global economy continues to reel under the pandemic.

Reinfections in several regions, particularly Europe, have meant reinstated partial lockdowns or countries slowing down their opening. Moreover, the recovery has not been uniform, with advanced economies generally doing better than developing economies, where results have been mixed, as per S&P Global (October 2020). A strong rebound, albeit partly mechanical, was seen in the third quarter, but the momentum has slowed in the fourth quarter. Purchasing managers' indices (PMI) showed firms in the US, euro area (EA) and China expanded output in July and August. However, in September 2020, these indicators point to stronger activity in manufacturing, but some slowdown in services, reflecting the increase in infections, stated the IMF.

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

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
US	3.1	2	2.1	2.1	-5	-31.4	33.1
UK#	0.6	0	0.3	0.1	-2.5	-19.8	NA
EA#	0.5	0.1	0.3	0.1	-3.6	-11.8	12.7
Japan	2.8	1.6	0.2	-7	-2.3	-28.1	NA
China*	6.4	6.2	6	6	-6.8	3.2	4.9

Improvement	Decline	Unchanged

*Note: #q-o-q, not annualised; *y-o-y; Years represent calendar year*
Source: Statistical bureau, respective countries

The IMF expects the world gross domestic product (GDP) to drop 4.7% in 2020 from 2.42% rise in 2019. S&P Global has kept its global GDP forecast for 2020 relatively unchanged at -4.1%, while raising forecasts for the US and euro zone on the back of a stronger than expected rebound in the third quarter, and for China (where the rebound took place in the second quarter). These improvements have been offset by a lower forecast for India as well as for the United Kingdom (UK) and Japan.

GDP growth (%)

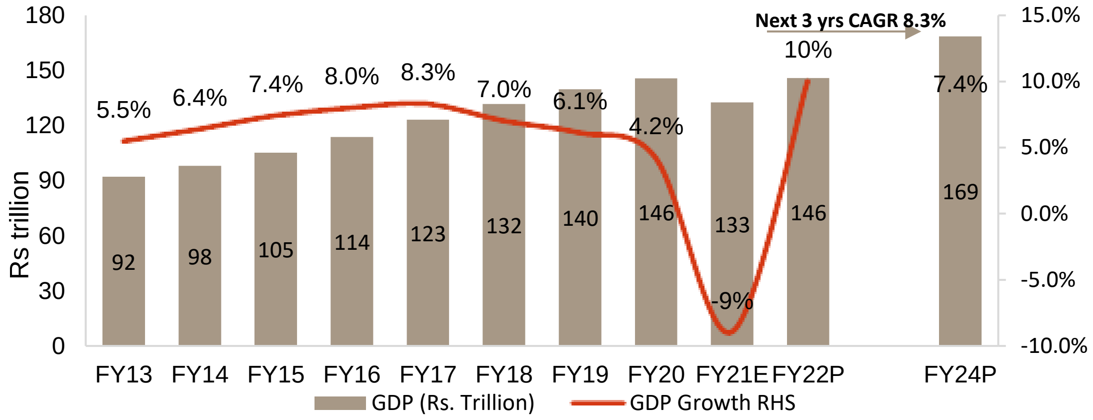
	2019	2020E	2021P
US	2.2	(4)	3.9
Euro zone	1.3	(7.4)	6.1
India	4.2	(9)	10
China	6.1	2.1	6.9
Japan	0.7	(5.4)	3.3
World	**2.4**	**(4.1)**	**5.3**

Note: India outlook is for fiscal year, i.e., 2019 ~ FY20, 2020 ~ FY21 and 2021 ~ FY22
Source: S&P Global

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. Gross domestic product, or GDP (at constant fiscal 2012 prices) grew at 6.7% CAGR between fiscals 2015 and 2012.From fiscal 2014 to 2017, improvement in GDP growth was on account of improving industrial activity, lower crude oil prices, and supportive policies. However, demonetization and rollout of the GST put the brakes on growth, on top of dwindling private investment and slower global growth since fiscal 2017.

Real GDP growth in India



Source: Central Statistics Office (CSO), International Monetary Fund (IMF), CRISIL Research

During fiscal 2021, the Covid-19 pandemic necessitated a 61-day complete nationwide lockdown followed by an 'unlock' phase characterized by intermittent regional lockdowns and curbs. This, coupled with the effects of a troubled global economy, resulted in the worst ever real GDP contraction on record of 23.9% on-year in the first quarter.

On the demand side, government spending (on schemes to support rural employment, food security and farm incomes) helped partially to stem the fall, if it is excluded, GDP contraction in the first quarter would have amounted to ~30% on-year. On the supply side, agriculture, with contraction in the non-agriculture sector alone at ~27%. Agriculture remains the bright spot for India. There was bumper production in the rabi crop and kharif output also promises to be good. Kharif sowing has covered 5% more area than the previous year. The reservoir position is healthy and this, together with the good groundwater situation, is expected to support the upcoming rabi season. Significantly, production is estimated to be high, especially in pulses and oilseeds, which have seen stubbornly high food inflation. This augurs well for inflation control in food items which re-entered double-digit territory in September.

There are three key learnings from the first quarter data:

- India's trough is deepest among peers, as it saw one of the largest number of reported cases and also experienced the most stringent lockdown in the world (see table below):

India's GDP growth has fared worst among peers in the first quarter of fiscal 2021

April to Jun 2020	India	Philippines	Brazil	Russia	Indonesia	China	South Africa
GDP (%, y-o-y)	-23.9	-16.5	-11.4	-8.5	-5.3	3.2	-17.1
Covid-19 cases (in lakh period-end)	5.7	0.4	13.4	6.5	0.6	0.9	1.4
Stringency Index (average)	86	92	78	80	70	72	83

Source: Hale, Thomas, Sam Webster, Anna Petherick, Toby Phillips, and Beatriz Kira (2020). Oxford Covid-19 Government Response Tracker, Blavatnik School of Government, CEIC, CRISIL.

- There is a bigger dent to industry which collapsed 38.1% on-year, mainly led by construction (completely crippled during the lockdown) and manufacturing (related to discretionary consumption and exports). Within services, which contracted 20.6%, wholesale, retail trade and transport together saw a ~47% drop as activity in these sectors came to a complete standstill. The big worry is that not only are these sectors huge employers, but also house a large proportion of micro, small and medium enterprises (MSMEs), some of which may succumb to the hit.

- However, in the midst of all this, the Covid-19 curve appears to be flattening in India with recovery rates continuing to surpass new cases. High frequency data in September also shows economic conditions have been improving. Exports turned positive in the month, the purchasing managers' index for manufacturing was at an eight-year high, and power consumption and GST collections grew on-year. However, this recovery is fragile and largely led by pent-up demand. The ongoing festive season will remain a key monitorable since a resurgence of cases can prove spoilsport.

Outlook

CRISIL expects India's real GDP growth at -9% in fiscal 2021, as the economy learns to live with the pandemic. While it is true that economic indicators have improved in the past few months, S&P Global points out in its recent assessment that the recovery is uneven and fragile. As a result of the pandemic resurging, recovery is losing steam in the United States (US), Europe and emerging markets. Asia-Pacific research at S&P shows that even recovery in China, which saw an early exit from the pandemic and is now posting positive growth, is neither self-sustaining nor balanced as yet.

As for the Indian economy as a whole, the Reserve Bank of India (RBI) too, has forecast GDP growth for the current fiscal at -9.6%, confirming that the economy will witness its deepest contraction since Independence. Short of cutting interest rates, the central bank has taken comprehensive steps to support growth and assured markets of an accommodative monetary stance through the next fiscal, if needed. Clearly, Mint Road also sees the current spike in inflation as transitory. Enhanced open market operations for government securities and extending the window to state development loans should keep borrowing costs for governments under check.

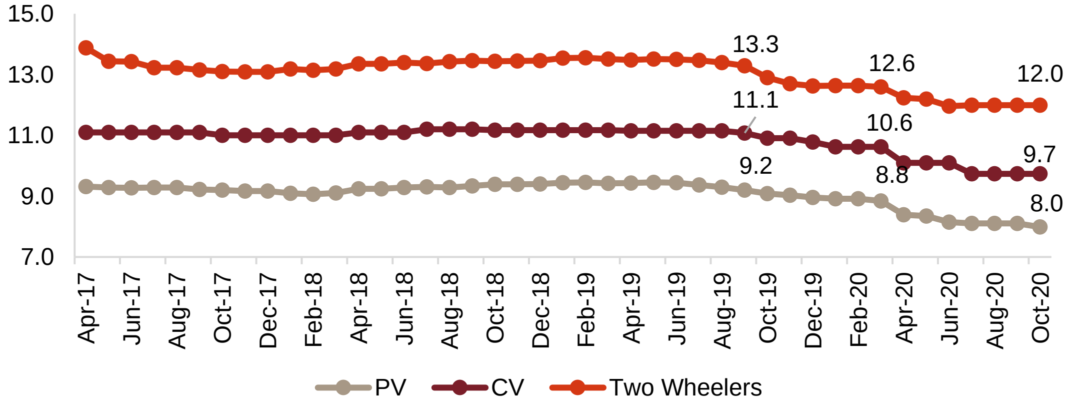
Auto Finance

Rates on a downtrend

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 remained subdued, as banks are forced to pass on interest rate benefits to end consumers. This has helped to bring the yields down by 100-130 bps since fiscal 2015.

After a continued drop in repo rates since fiscal 2020, auto finance rates are on a downward trend. In fiscal 2021, amidst the pandemic, passenger vehicles (PV) and commercial vehicles (CV) finance rates have softened significantly while two wheeler financing rates have dropped by a lesser extent given the relatively humble credit profile of the customers.

Average auto finance rates offered by banks (%)



Source: Industry, CRISIL Research

CRISIL Research expects auto finance rates to remain subdued in fiscal 2021. Some uptick is expected in fiscal 2022 from a low base.

Slowdown in underlying demand impacted financing growth in fiscal 2020

Financing growth (disbursement) contracted by -9% in fiscal 2020 v/s a 9-10% growth in fiscal 2019, driven by a contraction in underlying asset sales of -18% v/s growth of 3% in fiscal 2019, amid rise in PV prices - they rose ~3% in fiscal 2020 on top of a ~5% rise the previous fiscal, owing to rising insurance costs and increasing fuel prices. Apart from the demand side, supply side fundamentals were impacted due to credit crunch faced by a few non-banking financial companies (NBFCs), with rising cost of funds for NBFC players post IL&FS' default and restricted lending by them.

The pandemic-induced economic slowdown is expected to hurt vehicle finance disbursements hard, with asset demand likely to fall, even as average prices increase on account of Bharat Stage-VI (BS-VI) implementation. However, rural demand is likely to support disbursements to an extent. CRISIL Research expects the loan-to-value (LTV) ratio to continue to be subdued since the purchasing power of borrowers will be hit in the weakening economic environment. Since finance penetration is expected to remain range-bound, disbursements in the overall vehicle segment will plummet to -25% over this fiscal. However, the intensity of the decline would differ from one sub-segment to another. In terms of asset quality, NBFCs may restructure 20-23% of total outstanding credit to manage the disruption caused by the pandemic.

MARKET SIZE OF THE INDIAN AUTOMOBILE SECTOR

The two-wheelers dominate the Indian auto industry (~80% by volume) and primarily dictates the tone for the sector. Over fiscals 2015-2020, two-wheeler sales registered 1.7% CAGR, passenger vehicles (PVs) 1.3%, commercial vehicles (CVs) by 3.2% and tractors ~5.2%. In fiscal 2020, all segments saw a decline in sales due to slowdown in economy and transition to BS-VI norms. The decline in two-wheelers and PVs was 18%, commercial vehicles (CVs) 29% and tractors 10%.

Automobile segments (domestic sales volumes)

Automobile segments	Sales volume, FY20 (million units)	CAGR FY15-20 (%)	FY21E (y-o-y growth %)	Sales volume, FY24P (million units)	CAGR FY20-FY24P (%)
Commercial vehicles	0.72	3.2%	(26)-(28) %	0.90	5-7%
Passenger vehicles	2.77	1.3%	(11)-(13) %	3.45	5-7%
Two-wheelers	17.42	1.7%	(15)-(17) %	18.8	1-3%
Tractors	0.71	5.2%	18-20%	0.86	4-6%
Off-highway vehicles	0.06	10.9%	(21)-(23) %	0.05^	-

Note: ^Projected domestic sales as on FY 22.
Source: The Society of Indian Automobile Manufacturers (SIAM), CRISIL Research.

Review of the Indian Automobile Industry

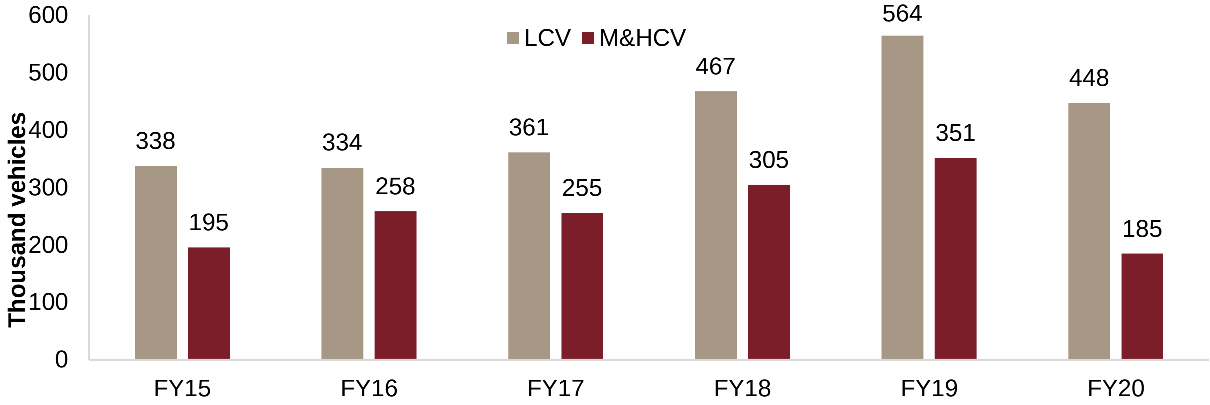
Commercial vehicles

Domestic industry

Between fiscals 2015 and fiscal 2020, domestic CV sales logged 3.2% CAGR. In fact, over fiscals 2015-2019, the CAGR was 13% due to a sharp 16% CAGR in medium and heavy commercial vehicles (M&HCV) segment and 14% in light commercial vehicle (LCV). Over the last five years, sales of buses, on the other hand, saw a tepid 3.1% CAGR. Sales volume in the past have been volatile due to various factors such as government policies, lower industrial production, fall in agricultural output, declining share of road in goods transportation that increased transporters' cost of operations and profitability.

M&HCV volume declined during economic slowdowns of fiscals 2009 and 2014, after which there was a gradual recovery, in line with economic growth. In fiscal 2017, CV sales saw a 7% on-year rise over April-October. However, after demonetization (November 2016), cash crunch in the economy negatively impacted industrial output and slowed sales growth. However, in fiscal 2018, commercial vehicle sales witnessed strong recovery and grew a healthy 20%. The growth continued in fiscal 2019 supported by a sharp rise in LCV sales and continued growth in M&HCVs. In fiscal 2020, the industry witnessed a sharp decline on a high base due to inventory adjustment on account of BS-VI transition.

Review of commercial vehicles (cargo) domestic sales



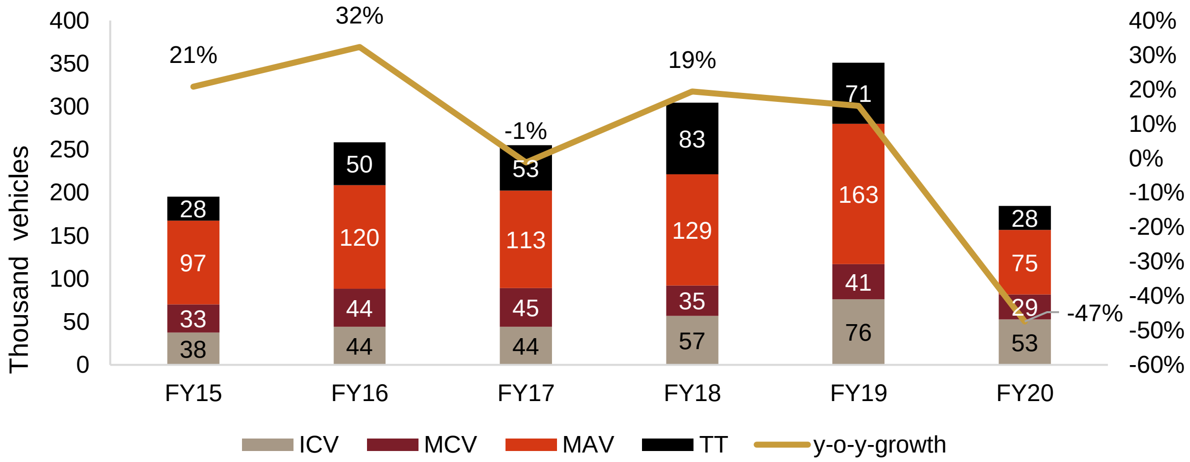
Source: SIAM, CRISIL Research

M&HCV

MHCV recorded a decline of 1% CAGR between fiscals 2015-2020. Sales of medium and heavy commercial vehicles (MHCV) in fiscal 2020 fell by ~47% over a high base due to:

- COVID-19 impact in the month of March
- Weak freight demand as GDP growth for the fiscal was 4.2% in FY20
- CV dealers closed fiscal 2020 at near zero inventory levels due to COVID-19 outbreak
- Higher freight capacity due to revised axle norm lowering demand for new trucks
- Weak finance availability via lower LTVs due to NBFC liquidity crunch

Segment wise sales of MHCV

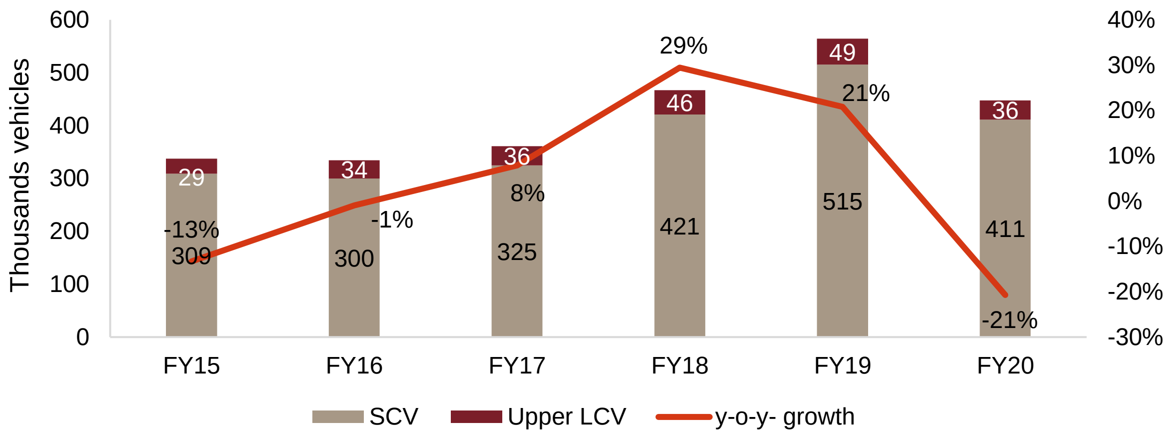


Source: SIAM, CRISIL Research

LCV

LCV registered a growth of 6% CAGR between fiscal 2015-2020. LCV goods sales fell by ~21% in fiscal 2020 due to slowing private consumption, lesser availability of market load and lower loan-to-value now being offered to transporters amidst the ongoing NBFC liquidity crunch

Segment wise sales of LCVs

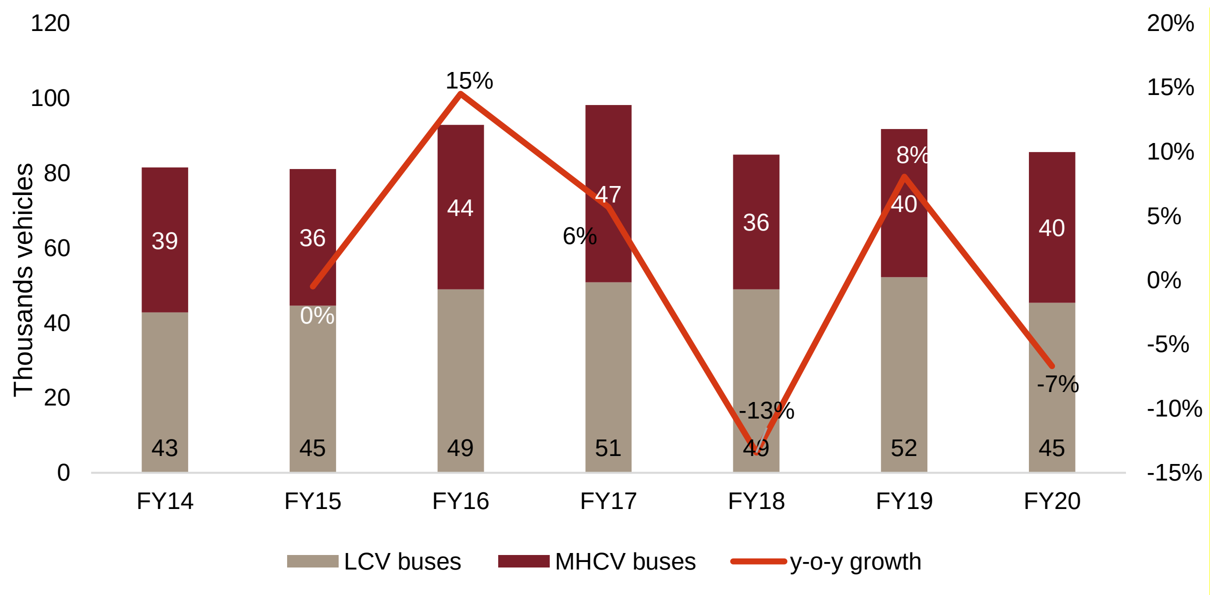


Source: SIAM, CRISIL Research

Bus segment

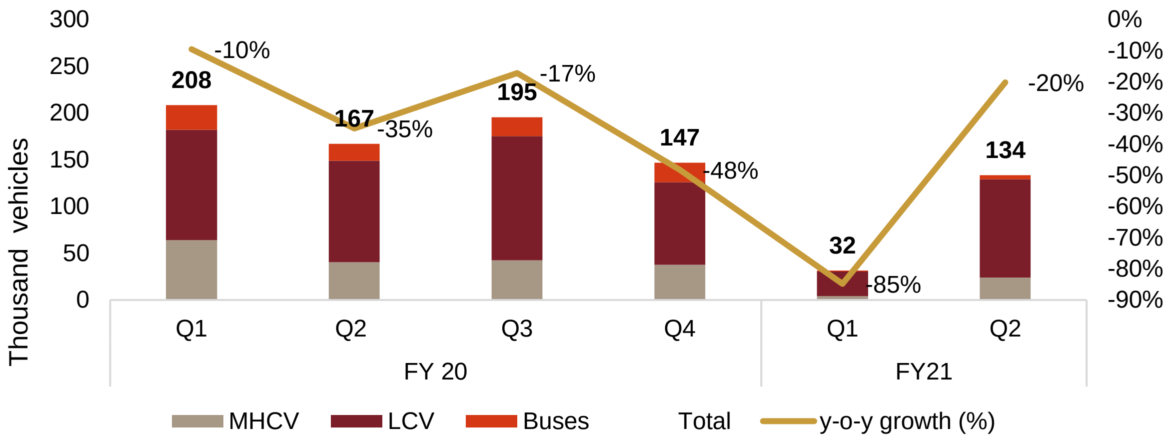
During fiscal 2015-2020, bus segment recorded a slow growth pace of 1%. The growth was led by the MHCV segment which grew at 2% CAGR while LCV sales remained flat. Demand for buses in fiscal 2020 was impacted due to safety regulations (emergency exit doors, fire detection and suppression, escape hatches and emergency lighting) that led to an increase in cost of ownership of ~Rs. 50,000. This after a price hike of ~Rs. 15,000 due to mandatory installation of vehicle tracking system and panic buttons in January 2019. After the price rise, demand for buses in fiscal 2020, was also hit by weakening private consumption hampering demand from tourist bus operators and intercity travel operators. Weak corporate hiring and production cuts in manufacturing has also impacted demand for corporate staff buses. However, schools and route permit buses have shown some resilience in FY20. Demand from state transport undertakings (STU) ramped up in H2FY20 as STUs look to replace much of their older fleet before the BS-VI price rise.

Segment wise sales of buses



Source: SIAM, CRISIL Research

CV sales fell by 85% in Q1 FY21, sequential growth in Q2 FY21

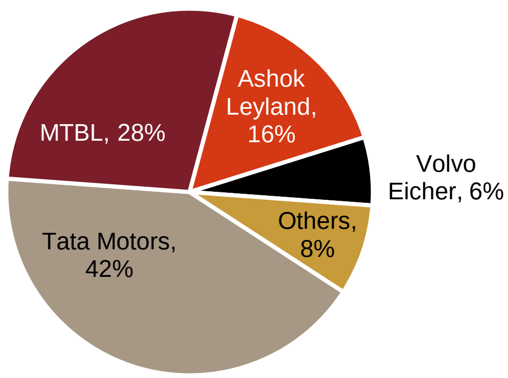


Source: SIAM, CRISIL Research

Key OEMs in domestic commercial vehicle market

Tata Motors occupies the largest share in the pie, followed by Mahindra, Ashok Leyland and Volvo Eicher.

Domestic CV sales, FY 2020 - 0.72 million vehicles



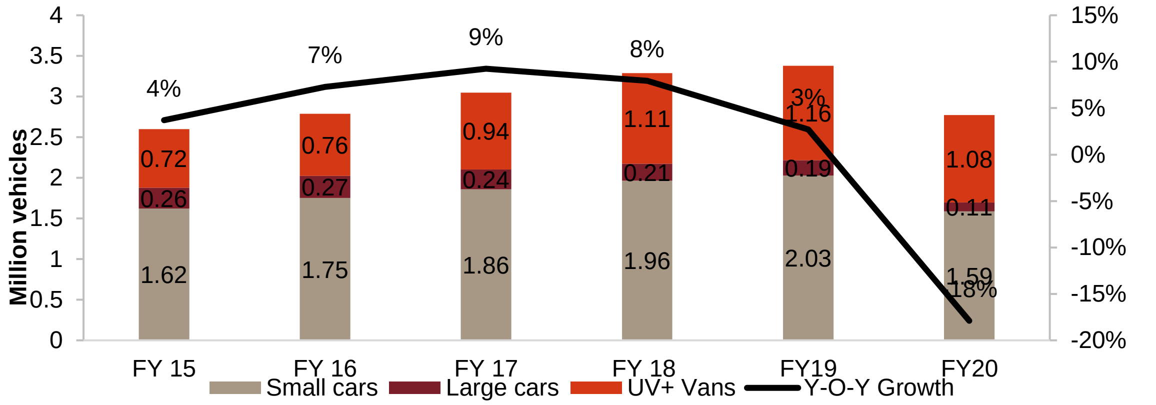
Note: Daimler India occupies a share of 1-3% of the domestic CV industry as on FY2020. SIAM doesn't report Daimler India sales figures. CV figures considered for automotive market size are ex-Daimler.
Source: Society of Indian Automobile Manufacturers, Daimler India, CRISIL Research

Passenger vehicles

The passenger vehicle industry registered 1.3% CAGR over fiscal 2015-2020. In fiscal 2020, the industry saw a decline of 18% on account of inventory adjustment due to BS-VI norms and decline in consumer sentiment.

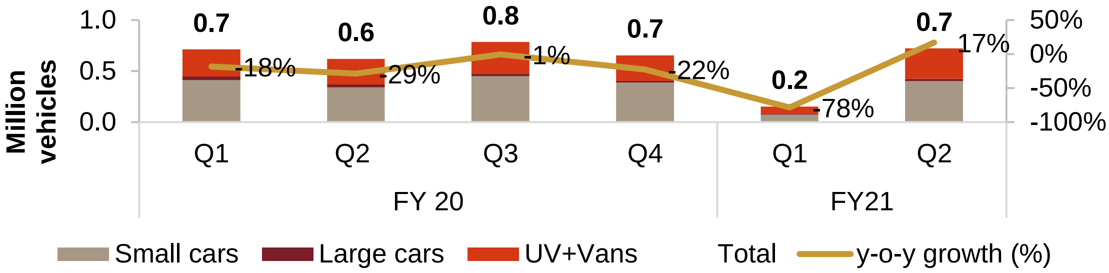
Review of passenger vehicle domestic sales

Insurance regulation that came into effect in September 2018 led to higher cost of ownership coupled with lower private consumption, which, led to a sluggish growth of 3% in fiscal 2019.



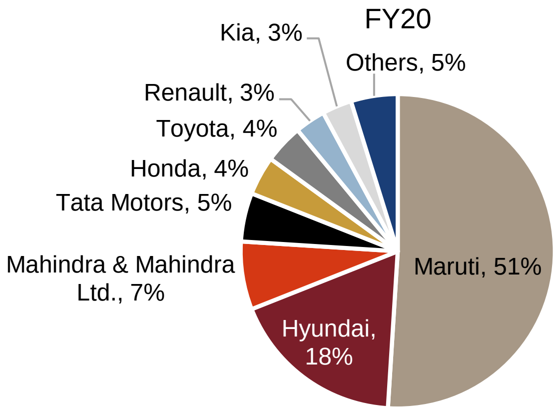
Source: SIAM, CRISIL Research

Positive sentiments in festive led to positive growth in Q2 FY21



Source: SIAM, CRISIL Research

Key OEMs in domestic PV market

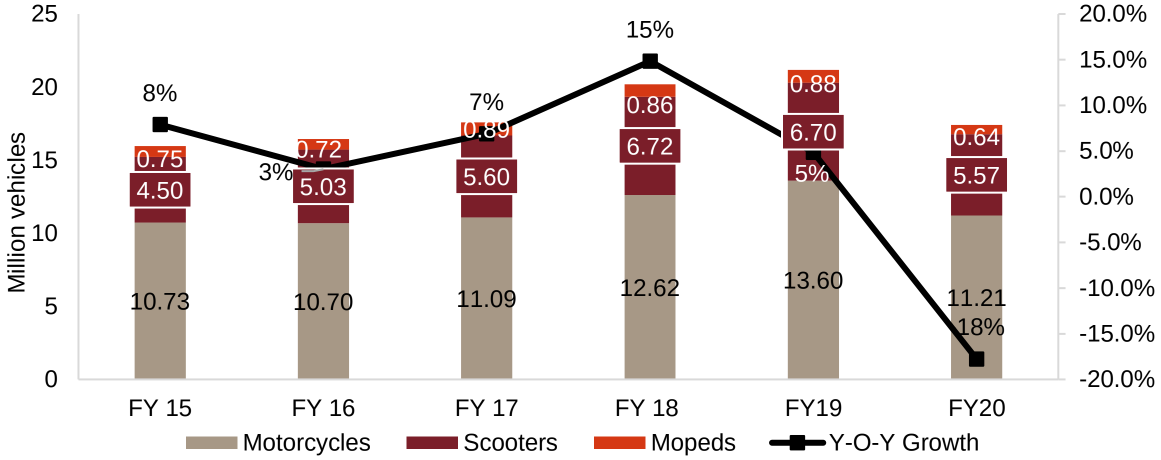


Source: SIAM, CRISIL Research

Maruti maintains its leadership position with 51% market share, followed by Hyundai (18%), Mahindra (7%), Tata Motors (5%) and Honda and Toyota (4% each), Kia and Renault (3% each) followed by other players.

Two-wheelers

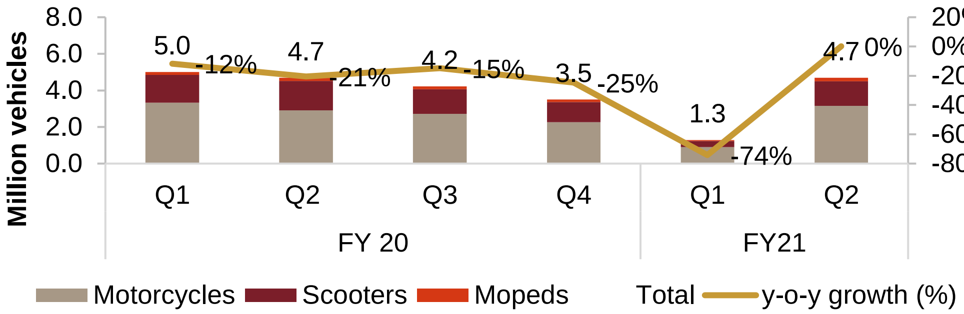
Review of domestic two-wheeler sales



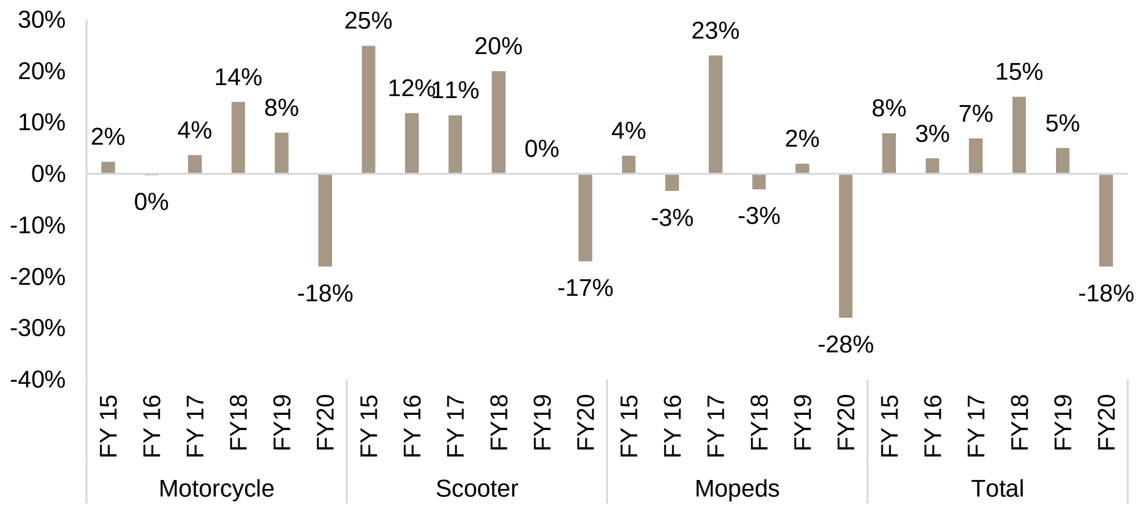
Source: SIAM, CRISIL Research

Over fiscals 2015-2020, the two-wheeler industry registered 1.7% CAGR. Lower CAGR growth is due to 18% decline of the industry in FY20 due to weak rural sentiments which accounts for majority of motorcycle demand and high inventory levels with the dealers which were rationalized due to transition from BS IV to BS VI.

Domestic sales of two-wheeler recorded a flattish growth in Q2 FY21 after de-growing by 74% in Q1 FY21 due to lockdown followed by supply constraints.

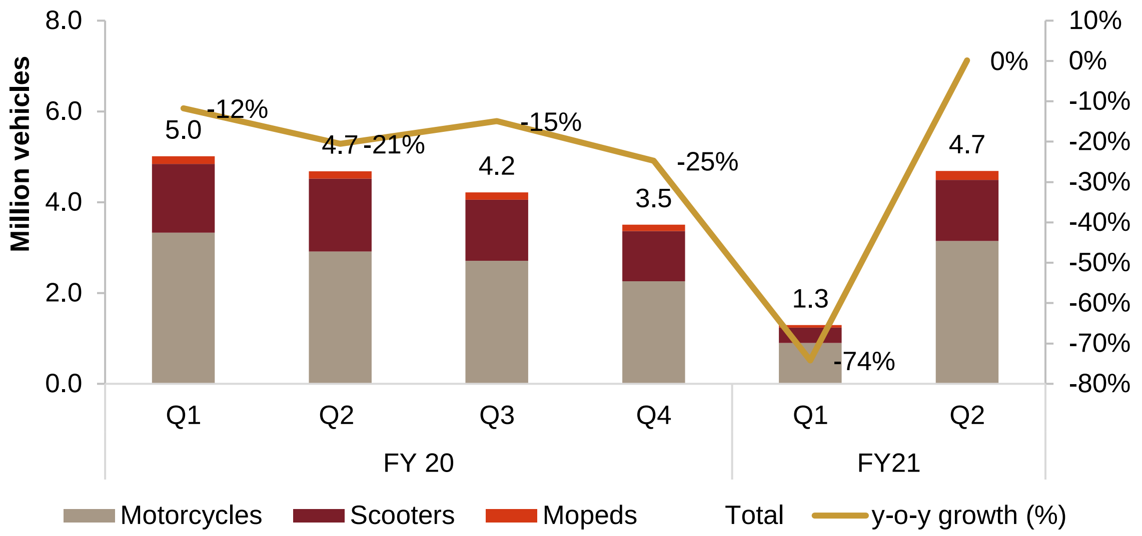


Segment-wise domestic two-wheeler sales growth on year



Source: SIAM, CRISIL Research

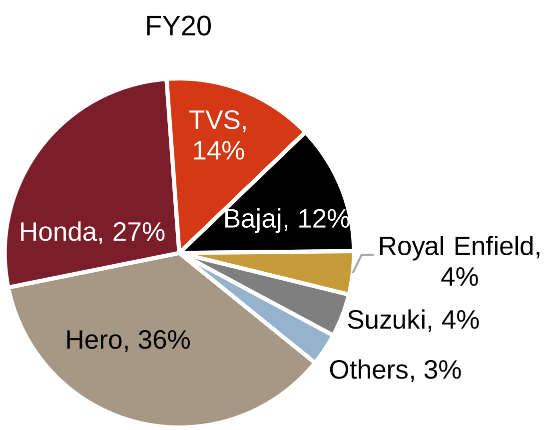
Two-wheeler records a flattish growth in Q2 FY21 after de-growing by 74% in Q1 FY21



Source: SIAM, CRISIL Research

- Domestic sales plunged by 74% in Q1 of fiscal 2021 due to lockdown followed by supply constraints.
- However, the situation slightly eased in Q2 of fiscal 2021 and OEMs registered on-year increase in domestic sales in August and September 2020. A few OEMs recovered faster than others and focused on building inventory at dealer level for the upcoming festival season.
- Sales in Q2 of fiscal 2021 was led by 8% growth in motorcycle category on-year due to demand from rural region, whereas scooters recorded a decline of 16% yoy, since urban centres were largely under restrictions due to Covid-19.

Key OEMs in domestic two-wheeler market



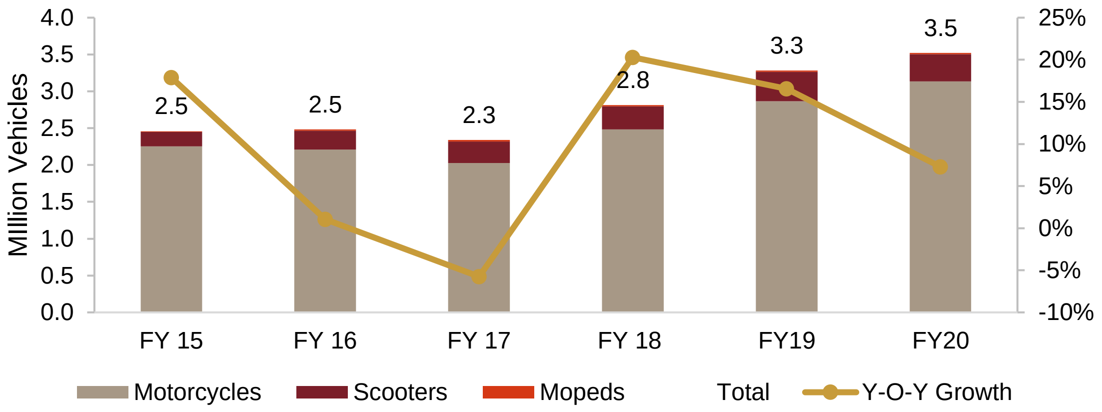
Hero leads two-wheeler industry with 51% market share, followed by Honda (27%), TVS (14%), Bajaj (12%) and Suzuki and Royal Enfield (4% each).

Exports

Two-wheeler exports from India grew 7% in fiscal 2020 over a high base of 16% growth in fiscal 2019 due to strong demand from African markets, primarily Nigeria and Uganda. The efforts of original equipment manufacturers (OEMs) to diversify into more promising geographies aided exports.

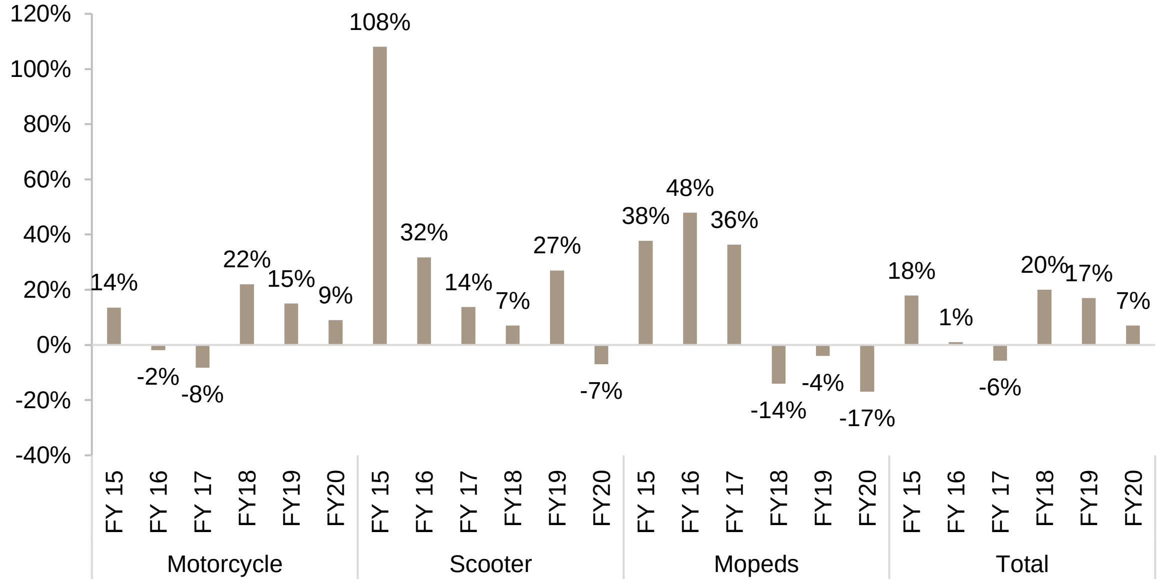
Most of the export markets such as African nations are crude oil-driven and commodity-linked economies. With crude oil prices hitting multi-decade low in fiscal 2021, demand from these markets remains a key monitorable.

Review of two-wheeler exports



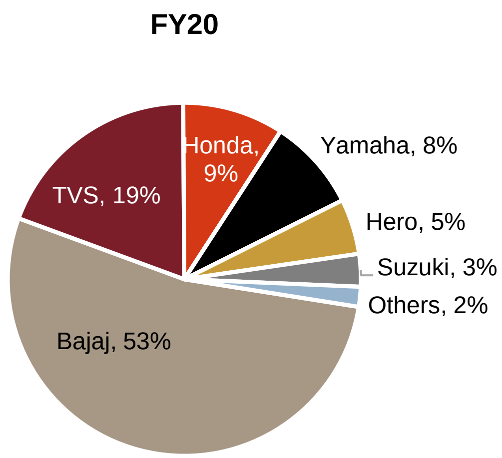
Source: SIAM, CRISIL Research

Segment-wise two-wheeler exports growth on-year



Source: SIAM, CRISIL Research

Key OEMs in two-wheeler exports



Share of motorcycle in exports from India is at 89%, scooters occupy remaining share (11%) with mopeds occupying minimal share as on fiscal 2020. Bajaj leads exports of two-wheeler from India with a share of 53%, followed by TVS at 19%, Honda at 9%, Yamaha at 8%, Hero at 5% and Suzuki at 3%.

Tractors

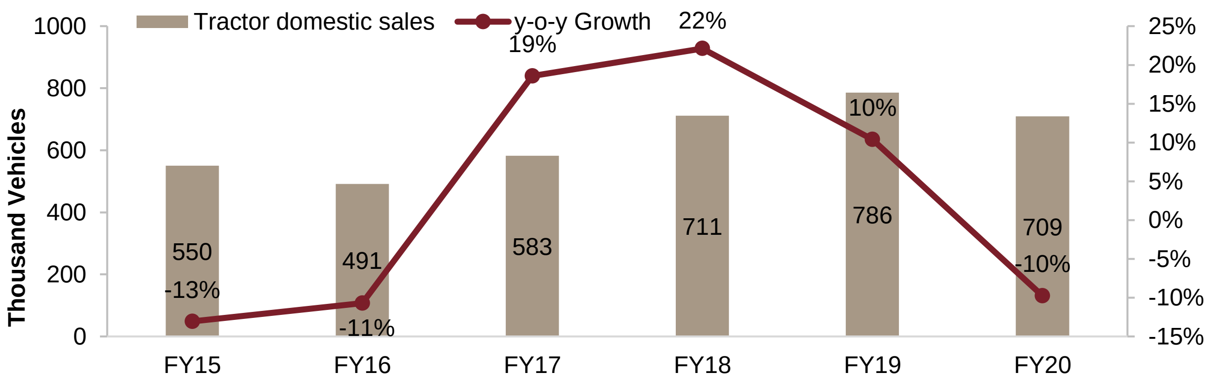
Tractor sales are highly dependent on agriculture incomes, which is dependent on the monsoons. Hence, fluctuation in sales is higher than other automobile segments.

Over fiscals 2015-2020, domestic tractor sales logged 5.2% CAGR. In fiscals 2015 and 2016, weak monsoon restricted tractor demand.

The sales revived in fiscals 2017 and 2018, rising 19% and 22% on-year, respectively, on the back of a normal monsoon with good spatial and temporal distribution. In fiscal 2019, the pace tapered to 10% and in fiscal 2020, the sales de-grew 10% on a very high base of fiscal 2019.

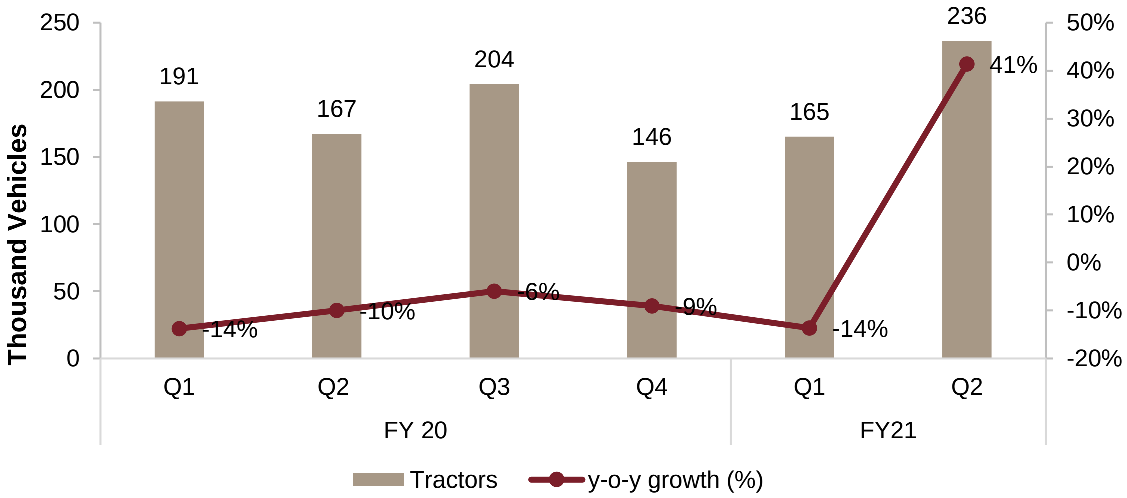
The government announces food grain procurement prices, also known as minimum support price (MSP), to protect farmers from price volatility in the market. This ensures steady income for them. The government has consistently raised the MSP for major crops such as wheat, rice, sugarcane and cotton from fiscal 2007. This, too, supported the tractor segment.

Review of domestic tractor sales



Source: CRISIL Research

Tractor industry records a bumper growth of 41% in Q2 FY21

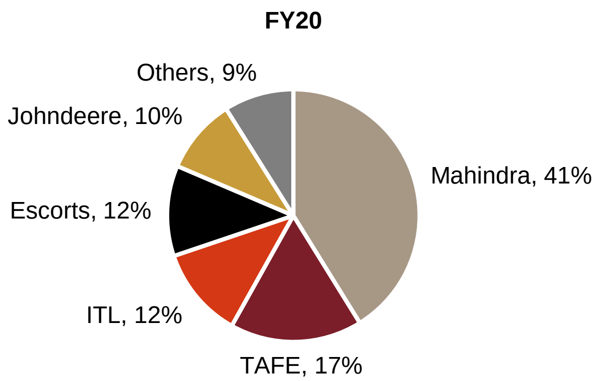


Source: CRISIL Research

- Agricultural activities were considered under essential during lockdown. However, due to supply constraints, tractor industry recorded a decline of 14% in Q1 of fiscal 2021; and

- Due to positive farm sentiments on account of better crop profitability, higher government support through income support schemes, higher procurement of field crops and higher rural expenditure, tractor industry recorded a growth of 41% in Q2 of fiscal 2021.

Key OEMs in domestic tractor sales



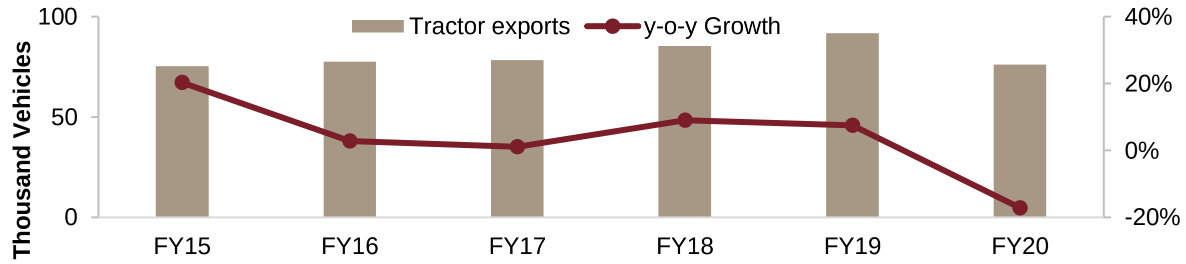
Tractor industry is dominated by players like Mahindra with 41% market share, followed by TAFE at 17%, ITL and Escorts by 12%, John Deere by 10%, followed by other players.

Exports

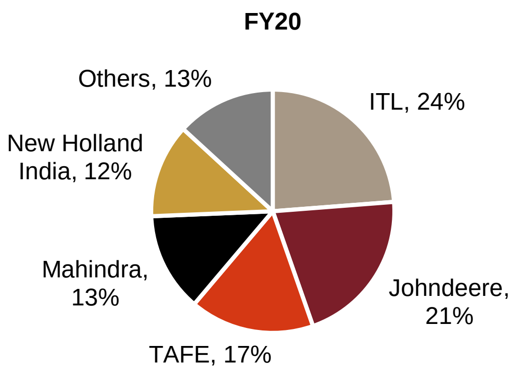
Tractor exports recorded a flat growth from fiscal 2015 till fiscal 2020 mainly due to a decline of 17% in fiscal 2020 due to strict emission norms in North America and also due to political tension in some African countries. Demand from Europe also declined on the back of global economic slowdown.

Asia, North America and Africa together contribute major proportion of exports sales from India. Tractors are mainly exported to countries like USA, Asian countries like Malaysia, Nepal, Sri Lanka, Bangladesh, etc.

Review of tractor exports



Key OEMs in tractor exports



Players have been focusing on exports due to insulate themselves from the cyclic domestic market demand. ITL (International Tractors Ltd.) occupies major proportion in exports pie at 24%, followed by John Deere at 21%, TAFE by 17%, Mahindra by 13% and New Holland India by 12%.

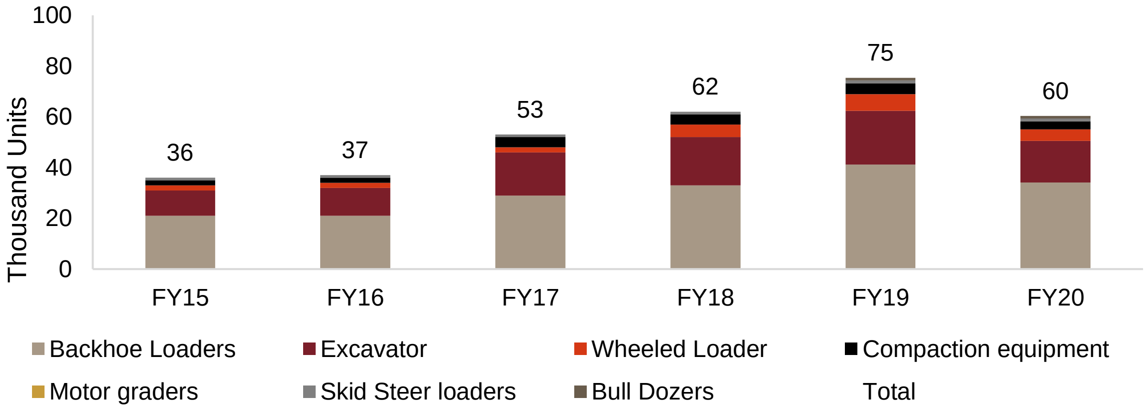
Off-highway vehicles

Volume sales for the construction equipment (CE) industry surged from fiscal 2017 onwards because of an upsurge in the renting of backhoes and excavators. Typically, ~85% of purchased backhoes are given out on rent, while this figure stands at ~50% for excavators.

An uptick in execution of road projects has also been a key contributor to growth in the EME industry, with the National Highways Authority of India (NHAI) construction touching an all-time high in fiscal 2020. By the time the nationwide lockdown was announced, highway construction under the NHAI in fiscal 2020 was already at 3,979 km, 18% higher than the 3,380 km constructed in fiscal 2019. A shift in focus to swifter execution has paid off for NHAI, recording the highest-ever construction in the past decade, at 10.9 km per day, in line with CRISIL Research's estimate of 10-11 km per day. The roads sector is a major contributor to total EME volumes in India.

Decline in demand in FY20 is reflected in loans disbursed by equipment finance companies. 85-90% of the equipment are financed in the industry with institutional and cash purchase accounting for the rest.

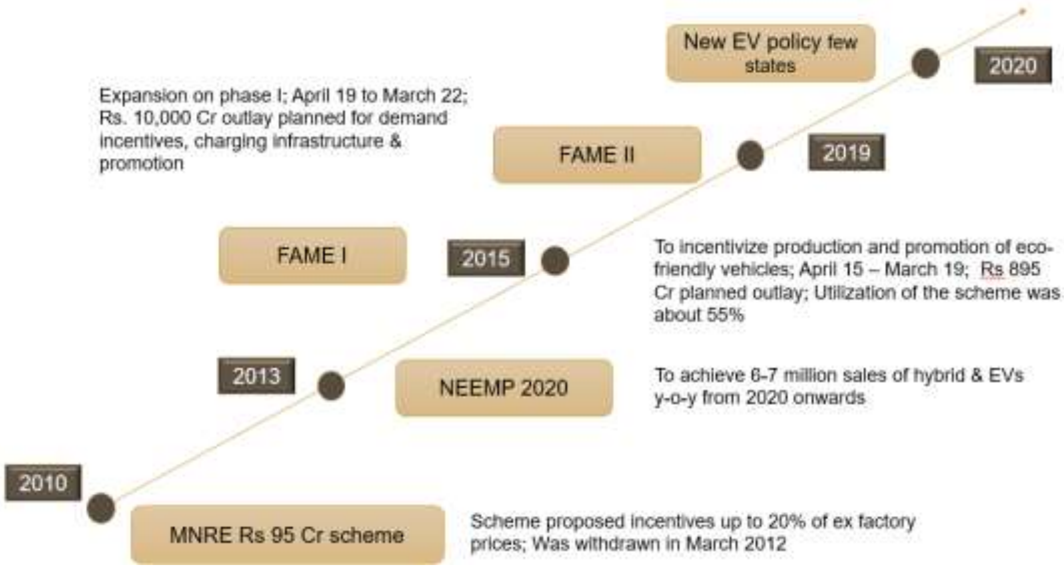
Off-highway sales logged growth till fiscal 2019



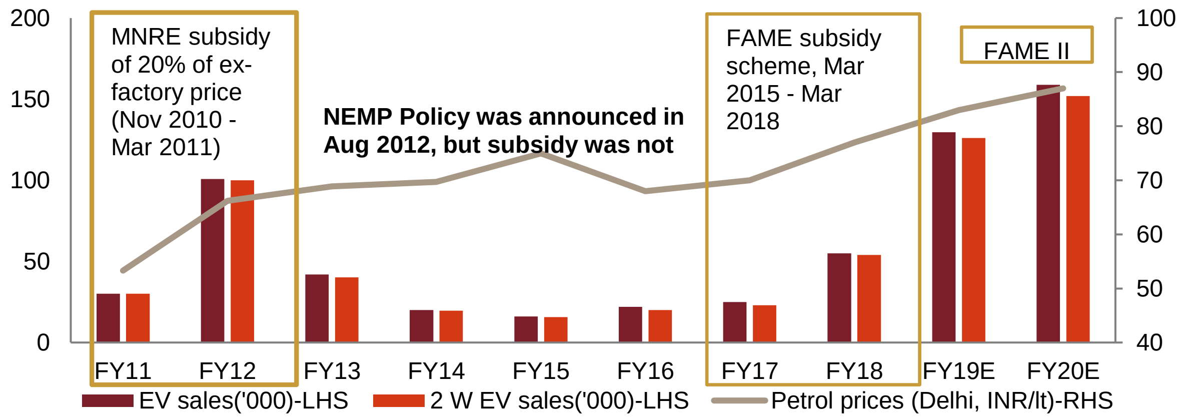
Source: CRISIL Research

KEY TRENDS IN AUTOMOBILE SECTOR

Evolution of electric vehicles in India



Electric vehicle sales in India



Source: Society of Manufacturers of Electric Vehicles (SMEV), Industry, Government of India

Nascent EV industry has transitioned through several phases

Upswing (fiscals 2011 to 2012): EV sales picked up in fiscal 2012 on the GoI's subsidy scheme launched in the second half of fiscal 2011. This also coincided with rising petrol prices and the launch of new EV models. Downswing (fiscals 2013 to 2015): Sales lost momentum in fiscal 2013 as subsidy got exhausted and cases of consumer dissatisfaction with products surfaced. Fiscals 2014 and 2015 saw sales falling further as subsidies were not available and the industry (number of players, distributors) shrank. Recovery (fiscal 2016 - ongoing): GoI notified FAME-I (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles) benefits in March 2015. This helped the industry recover and SMEV members also rose from 7 to 12 over fiscals 2015 to 2017. There were new model launches as well. Fiscal 2018 saw better Li-ion-based products and there was also greater awareness and publicity around EVs. EV volumes as reported by SMEV over the years are represented largely by scooters. SMEV does not report volumes of e-rickshaws (Toto) whose population as per some estimates could be as high as a million. Both scooters and e-rickshaws are powered largely by lead acid batteries and they have a speed limit of 25 kmph, allowing them to skip vehicle registration.

Government policies

The government has formulated various schemes and policies to support the expansion of the electric vehicle (EV) ecosystem in India. They are:

- Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME)
- Phased Manufacturing Programme (PMP)
- Charging Infrastructure for Electrical Vehicles - Guidelines and Standards

FAME

- Interest in EVs is seeing a unprecedented increase globally as countries take steps to cut fossil fuel usage and carbon emission and curb pollution. India, too, has put in place policies and schemes to encourage adoption of EVs. FAME is one such scheme.
- FAME Phase-I was introduced on April 1, 2015, and was initially meant to be in force for 2 years. This was extended up to March 31, 2019. The total outlay for the scheme was enhanced from the initial Rs 798 crore to Rs 895 crore.
- The Phase-II, with a significantly higher outlay of Rs 10,000 crore, was announced by the Department of Heavy Industry (DHI) for 3 years effective April 1, 2019. Till September 10,2020 the, government has also sanctioned about 5,600 buses amounting to Rs. 2,800 crore and 2,900 EV charging stations amounting to about Rs.500 crores to be setup in major cities. As of 31st August 2020, a total of Rs. 610.7 crores have been spent under FAME II scheme since April 1, 2019.

The outlay for the scheme is broken into three major areas:

- Demand incentives
- Establishment of network of charging stations

- Administration of the scheme, including publicity and IEC (information, education & communication) activities

Demand incentives:

Year-wise breakup of fund allocation for FAME Phase-II (INR crore):

Head	FY20	FY21	FY22	Total
Demand incentives	822	4,587	3,187	**8596**
Charging infrastructure	300	400	300	**1000**
Admin (publicity/ ICE)	12	13	13	**38**
Total for FAME-II	**1,134**	**5,000**	**3,500**	**9,634**
Committed expenditure of Phase-I	366	**0**	**0**	366
Total	**1,500**	**5,000**	**3,500**	**10,000**

Source: DHI, CRISIL Research

While bulk of the outlay is planned as demand incentives, these will be largely limited to passenger vehicles including buses. The categories eligible for demand incentives are:

- Buses (only EV technology)
- Four-wheelers (EV, plug-in hybrid or PHEV and strong hybrid or SHEV)
- Three-wheeler (electric) including registered e-rickshaws
- Two-wheelers (electric)

GST rate for EVs is 5% compared with 28-50% for conventional vehicles. However, with higher prices in most categories, the absolute amount of tax is not sharply lower. The inverted duty structure on batteries drawing 28% GST is offset by GST credits when sold with the vehicle. Some states offer lower vehicle registration charges for EVs. Cities can also access funds from the Green Mobility Fund and Smart City Missions to promote green transportation.

Demand incentives under FAME II:

Model	Ex-showroom	Subsidy	Post subsidy
Tata Tigor EV	12,16,175	1,62,000	10,54,175
Mahindra Treo	3,32,000	64,200	2,67,800
Ather 450	1,33,658	26,732	1,06,926

Source: FAME, CRISIL Research estimates

Charging infrastructure:

The scheme seeks to support setting up of adequate public charging infrastructure to instill confidence among EV users. The infrastructure will be established through active participation of various stakeholders including government agencies, industries, and public sector enterprises (PSEs). Of the total outlay for FAME Phase-II, 10% is for setting charging infrastructure as per norms specified by the Ministry of Power. Private companies can partner with PSEs to bid for projects to install chargers.

In addition, for electric buses, it is proposed the buyer will be provided one slow charger per vehicle and one fast charger for every 10 buses funded under the scheme.

In Phase-I, the government had sanctioned 520 charging stations. Under Phase-II, the number is about 2,900. These will be installed in major cities and the estimated cost is a little over Rs 500 crore. Of the total, about 1,800 will be fast charging stations and 1,100 will be slow charging stations. About 1,000 of these are to be set up in metros with 4 million-plus population and majority of the balance proposed stations will be in about 62 cities with million-plus population. Slow chargers are suited for two-wheelers, three-wheelers and four-wheelers with smaller batteries. For commercial vehicles, which have much larger batteries, slow chargers are not suitable as they will take too long to charge, impacting their commercial viability due to reduced utilization.

PMP

While the FAME scheme is aimed at boosting the EV ecosystem by way of subsidy as incentives for buyers and for setting up charging infrastructure, it also seeks to boost the manufacture of products required to support the EV ecosystem. Initially basic customs duty and GST on EVs, their assemblies/ sub-assemblies and parts were reduced and rationalized. As volume of EVs has increased and cost is starting to come down, the government has introduced a phased manufacturing roadmap to provide further impetus to the EV ecosystem and promote indigenous development of such vehicles. Aimed at increasing value addition and building capacity within the country, the roadmap has a graded duty structure for specific parts. The duty varies from 0% to 25%. For instance, parts such as motors, inverters and power control units used in the manufacture of EVs attract 0% basic customs duty (BCD) while battery cells and packs attract 5%. From January 2019, basic customs duty (BCD) on completely built EVs has been 25%. BCD on the 0% category is proposed to be increased to 15% by April 2021. The duty on battery cells and packs would increase from 5% to 10-15% based on application. Meanwhile, the duty on completely built vehicles will be increased to 50% in the same period. The proposed changes could vary from time to time and be notified through official channels. As per the latest notification in September 2020, the effective date for localization of multiple parts across segments have been extended to 1st April 2021. For commercial vehicles, the buses segment has been provided extension for all parts except body panels and various lighting fixtures till 1st April 2021.

EV Penetration

The current penetration of electric vehicles in India is negligible at <1% of annual sales. The focus on the FAME-II scheme is on promoting eco-friendly vehicles including hybrid and electric vehicles. Considering this, over the next five years, CRISIL Research expects electric vehicle adoption in three-wheeler and public transport buses to pick up first, largely driven by government subsidies. EV penetration in three-wheelers will also be supported by favourable cost economics for lead acid-based electric vehicles vis-à-vis internal combustion vehicles. In the personal mobility segment (two-wheelers and passenger vehicles), EV penetration is not expected to pick up significantly over the next five years on account of lack of clarity on technology, charging infrastructure and higher cost of ownership. Within two-wheelers, EV penetration in scooters is expected to pick up first due to fewer model launches in the motorcycles segment.

Vehicle segment	EV penetration	
	FY 20	FY 25P
Passenger vehicle	0.1% (~3,400)	3-5% (1,35,000)
Two-wheeler	0.9% (~1,52,000)	8-12% (20,35,000)
E-auto	0.01% (~700)	43-48% (3,00,000)
LCV^	~20	1-3% (10,000)
E-buses^	~440	2-4% (2,650)

NOTE: Figures in brackets refers to sales and % refers to EV penetration
^ EV penetration projected till FY24
Source: FAME, CRISIL Research estimate

EV Penetration – Commercial Vehicles

Total cost of ownership

A comparison of total cost of ownership of various types of commercial vehicles will provide a view as to how much a vehicle costs to own and operate over the period. Commercial operation of any vehicle will be successful only if the cost of operating it is below the revenue earning. A vehicle with a significantly higher cost of operation will not be viable due to competition from other vehicle categories and varying powertrains.

TCO over 4 year period at FY20 and FY24 prices for various sub-segments:

- LCV (2T GVW)
- ICV (11T GVW)
- MCV bus (16T GVW)
- HCV (40T GVW)

LCV

In the current scenario, CNG comes across as the cheapest alternative powertrain due to the prohibitively high initial cost of electric LCVs.

In case of LCVs (at Mumbai prices), operating cost of an EV is ~50% less than that of a comparable diesel vehicle. In the sixth year both electric and diesel versions are likely to break even for FY24 prices.

However, with respect to CNG the difference in operating costs of an electric vehicle is <30%, due to which the break-even period of an electric vehicle with respect to a comparable CNG vehicle is relatively higher at <15 years.

With respect to cost of ownership, while EVs may be able to match the cost of diesel LCVs by FY24, they will still be considerably costlier than CNG LCVs. This when looked at in conjunction with the focus of the government on improving the natural gas grid in India, is expected to keep the overall adoption levels of EVs in LCVs at 1-3% even by FY24.

	FY20				FY24		
TCO period (years)	4	6	8	TCO period (years)	4	6	8
Diesel	3.8	4.3	4.0	Diesel	4.7	5.1	4.6
CNG	3.5	3.7	3.4	CNG	4.0	4.0	3.7
Electric	7.3	5.2	4.8	Electric	6.6	5.1	4.7

Note: Numbers denote total cost of ownership in Rs per km, TCO period units in years

ICV

In case of electric intermediate commercial vehicles (ICVs) both initial cost and operating cost (including battery replacement) are prohibitively high as of now. By fiscal 2024, the cost difference between diesel and electric ICVs is expected to remain high with electric ICV costing more and CNG versions will be relatively cheaper to own compared to electric versions

Some short haul applications are likely to move to CNG (if CNG fuel cost remains low) to take advantage of the cost benefit. CNG ICVs have lower operating cost in comparison to diesel and also electric vehicles.

Thus the substantially low cost of ownership of CNG vehicles could limit the penetration of the electric powertrains in the ICV segment to near negligible levels.

	FY20				FY24		
TCO period (years)	4	6	8	TCO period (years)	4	6	8
Diesel	12.6	11.1	10.4	Diesel	14.6	12.7	11.7
CNG	9.9	8.6	8.1	CNG	10.8	9.3	8.6
Electric	26.0	23.0	21.3	Electric	25.2	22.4	20.9

Note: Numbers denote total cost of ownership in Rs per km, TCO period units in years

MCV

Cost of ownership of an electric bus is ~1.5X that of a standard diesel bus, primarily due to high purchase cost. Owning CNG buses is Rs 1.3-1.4 crore cheaper than electric ones. While this cost gap would reduce going forward, electric buses are still expected to need capital of Rs 1-1.2 crore by fiscal 2024.

In the bus segment, owing to the excessively high battery cost, there is 4-5X difference in the initial purchase cost between a diesel/cng and an electric bus

As a result of this high differential, the breakeven period is more than 20 years between electric and diesel powertrains despite a 30-35% lower operating cost for electric vehicles.

And thus, due to this high differential, we expect that capital subsidy would still be needed to make electric buses viable compared to conventional buses by FY24, which in turn may limit its penetration largely to the public transport (STU-State transport undertaking) segment.

	FY20				FY24		
TCO period (years)	8	10	12	TCO period (years)	8	10	12
Diesel	20.3	19.2	18.1	Diesel	23.9	22.4	20.9
CNG	16.7	15.8	14.9	CNG	19.3	18.1	16.9
Electric	33.7	32.9	31.0	Electric	34.0	33.2	31.4

Note: Numbers denote total cost of ownership in Rs per km, TCO period units in years

HCV

Due to higher battery cost, initial cost of an electric truck can be 5-6 times higher than a diesel one. As a result of this, there is a differential of Rs. >1 Crore in ownership cost between diesel and electric trucks at present.

As the lead distances and GVW (gross vehicle weight) of heavy commercial vehicles (HCVs) are fairly higher than ICVs and MCVs, they require a large battery. This makes electric HCVs prohibitively pricey.

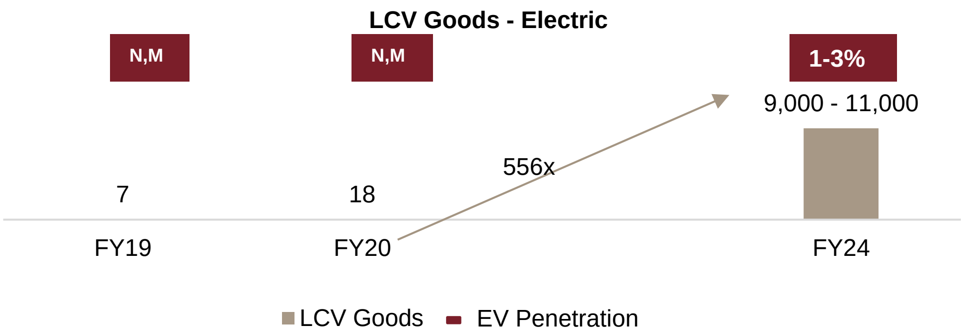
In addition to excessively high battery costs, the incremental weight of these batteries further decreases the payload capacity of HCVs. Due to these factors, adoption of EVs in the HCV segment is expected to be fairly low over the next five years.

Thus due to prohibitively high initial costs resulting in a considerably higher total cost of ownership, adoption of EVs in HCV may be near negligible levels even by FY24.

	FY20				FY24		
TCO period (years)	4	6	8	TCO period (years)	4	6	8
Diesel	30.7	27.6	25.7	Diesel	36.2	32.1	29.7
LNG	33.1	29.2	27.3	LNG	35.7	30.4	29.2
Electric	40.4	36.4	32.4	Electric	40.5	36.9	33.1

Note: Numbers denote total cost of ownership in Rs per km, TCO period units in years

Electric Vehicles Forecast



Source: CRISIL Research
Note: N.M = Not meaningful

Currently, most EVs used in the commercial segment as goods carries are three-wheelers. However, as the cost differential between electric and diesel vehicles start reducing, CRISIL Research expect new models to be launched, which will drive sales in the segment as the third-mile logistics and local distribution of goods are well suited applications for electric vehicles.

Consequently, EV sales in the LCV goods segment can rise to 9,000-11,000 vehicles by fiscal 2024, which would be about 1-3% of the total light commercial goods vehicle market as CNG offers better total cost of ownership in the near future and be preferred over electric variants.

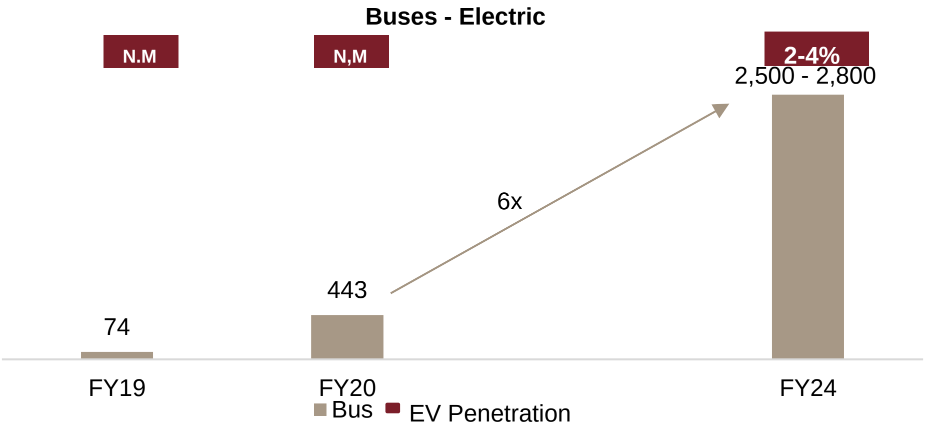
HCV goods

EV adoption in the HCV segment is expected to be negligible in the near future as operational profile makes them prohibitively expensive. Also, the current charging infrastructure is not suitable for larger batteries of HCVs, which will render electric adoption unviable for some time.

Passenger vehicles (buses)

Due to the government support through FAME and focus on quicker adoption of EVs in public transport, there has been significant increase in electric bus sales in the last couple of years. Operational profile of buses with fixed routes and regular stops make them suitable for charging at pre-determined intervals and specific locations. However, the electric bus sale is unlikely to meet the target in fiscal 2021 due to the Covid-19 pandemic and hence CRISIL Research expect the subsidy amount to get carried over to coming years. With other incentives from the central and state governments, the sales of electric buses is expected to reach 2,500-2,800 units (2-4% of total bus sales volume) by fiscal 2024.

Electric buses forecast



Source: CRISIL Research
Note: N.M = Not meaningful

There could be some minor penetration in ICVs going forward; however with respect to MCVs and MAVs CRISIL Research expect the dominance of diesel fuel to continue with LNG making some inroads.

Regulations in the CV industry

Modalities and timeline of new scrappage policy is not known yet

Recent regulations such as the axle norm, bus body code, mandatory anti-lock braking system, speed governors, enforcement of BS-IV norms, and mandatory cabin ventilation system on new commercial vehicles (CVs) have already impacted the industry. We expect the effects of newer fuel-efficiency norms, the proposed BS-VI norms, the truck body code, and the new scrappage policy, to play out in the long run.

The Ministry of Road Transport and Highways, in August 2018, considered providing incentive for scrapping vehicles sold before April 2005 (15-year-old). After deliberations on the modalities of the implementation of the norm, currently, the government aims to promote vehicle scrapping by exempting registration charges for truck purchases made after scrapping an older truck. As the current registration charges are low (below Rs. ~5,000), simultaneously, the government also aims to increase renewal of registration for older vehicles (to Rs. 40,000). Trucks older than 15 years are also expected to get fitness certificate every six month vs. every twelve months currently. However, we believe Rs. ~40,000 benefit on scrappage of 15 year and older trucks will not be enough to promote scrapping such trucks as the current resale value of a 15-year-old truck is higher than the current scrap value and the registration benefit. The move can only aid in scrapping of vehicles which are around 20 years and above since their resale value will be near the scrap value of the truck; the number of such trucks will however be limited at ~10,000-20,000.

As seen above, resale value of trucks tends to be above the sum of scrappage value and the registration benefit. Thus, the scrappage norm at the current level of benefits will lead to scrappage of trucks only older than 20 years. Through higher incentives from the government and OEMs, if transporters are able to be incentivized for scrapping of vehicles older than 15 years, then we expect ~600,000 MHCVs to be available for scrapping. We understand incentive of Rs. >90,000 for 16T MCV and >1,00,000 would be needed to scrap for trucks older than 15 years.

While vehicles are scrapped in addition to the scrap value direct cash incentive can be provided to a transporter that scraps his vehicle. In case direct cash incentive is not provided and benefit on purchase of new vehicles are to be provided, it is important to note that the transporter scrapping a vehicle is not the buyer of a new vehicle. Hence any benefit for buying new vehicles, such as waiver on registration charge etc. needs to be provided in the form of a tradeable certificate. This would aid the person scrapping his old vehicle to trade the certificate to the buyer of a new vehicle who can avail the benefits. These are some of the modalities to be considered for successful implementation of scrappage policy.

Moreover, vehicle tracking system and panic buttons has been made mandatory on buses from January 2019 increasing prices by ~Rs. 10,000-15,000.

Attractive incentives needed to scrap

Incentives needed to scrap	20 year old truck (current incentive)	15 year old truck
16T MCV	0.4 lac	> 0.9 lac
25T MAV	0.4 lac	> 1 lac
Number of vehicles available for scrapping	**10,000-20,000**	**~600,000**

Source: CRISIL Research

Implementation of the scrappage policy in low demand scenario of fiscal 2021 may be fraught with peril

Trucks aged below 10 years generally ply on trunk routes as they are generally more fuel efficient and less prone to breakdown. Older trucks, on the other hand, ply over shorter lead distances typically under market load.

Due to the COVID-19 outbreak, the government allowed for loan moratorium between March and August. However, the moratorium was not applicable for the delinquent customer (i.e. 90 DPD and above) as on 29th Feb 2020. Thus, repossession of trucks from such delinquent customers rose in Q1FY21. In fact, repossession increased 2.2 times than normal levels in Q1FY21. To add to this, more transporters (especially small fleet operators) who had purchased trucks in 2017, 2018 and 2019 had put their trucks for sale as they were unable to pay EMIs owing to low fleet utilization at the same time availing moratorium. Medium commercial vehicles, Multi axle vehicles and T-Trailers were the categories of vehicles that were majorly repossessed or put up for sale in the secondary market. Because of the increased supply of trucks in the second hand market and lower demand for trucks, resale values expected to have plummeted ~20-25%.

If the scrappage policy is implemented under these circumstances and leads to incremental CV sales, then the number of trucks in the trunk routes would increase lowering fleet utilization of transporters in trunk routes further in this low demand environment.

It is to be noted that given that there is no clarity on the benefits of the proposed scrappage policy or its implementation schedule. We have not factored this in our current forecast as and when there is more clarity on this, we will accordingly update our forecasts if required.

Axle norm lowers demand from LFOs transporting bulk goods at rated load as SFOs lose incentive to overload

The Ministry of Road Transport and Highways had notified new axle load norms for commercial vehicles, which allow for an increase in the load-bearing capacity of trucks. The new axle norms will be applicable to the entire fleet of freight-moving trucks – called the 'population parc'.

New payloads stipulated in MHCVs

(in Tonnes)	MCV	MAV			T-Trailer		
Previous GVW	16	25	31	37	35	40	49
Previous Payload	9	16.5	21	26	23	27	35
Kerb weight	7	8.5	10	11	12	13	14
GVW as per new norm	18.5	28	35	42	39.5	45.5	55
New Payload	11.5	19.5	25	31	27.5	32.5	41
% increase in rated payload	28%	18%	19%	19%	20%	20%	17%

Source: CRISIL Research

Truck demand from bulk goods transporters to remain low due to axle norm in the coming fiscals as well

Although axle norms increased freight carrying capacity of trucks by ~20%, the benefit would only be availed by transporters ferrying bulk goods which constitute 35-40% of the truck movement. Movement of bulk goods in billion tonne-kilometers (BTKM) terms via road fell marginally in fiscal 2020 amidst the ~20% rise in capacity for bulk goods transporters. Therefore, bulk goods transportation via roads would continue to face overcapacity in the coming fiscals hampering new truck purchases.

However, transportation of voluminous non-bulk goods (60-65% of truck movement) which, while being unaffected by axle norm, were impacted by slowing consumption demand in FY20. Moreover as some bulk transporters already were overloading near or moderately above the new payload levels, the impact of axle norms for such transporters would be lesser.

Shift from T-Trailers to higher tonnage MAVs: After implementation of the axle norm, the payload of the erstwhile 37T would increase to 31T which would be similar to the erstwhile payload of a 40T T-Trailer. Also, erstwhile 49T T-trailer's payload has now increased from 35T to 41T. Rated load availability at the 41T mark is expected to be lesser than at 35T. Moreover, issues like driver availability and lower maneuverability plague T-Trailers. Because of these reasons, higher tonnage MAVs are likely to be more desirable than T-Trailers.

Truck body code to lead to ~5% rise in cost of ownership; norm likely to have been postponed

All goods vehicles (>3.5T GVW), manufactured either by a vehicle manufacturer or a body builder on drive-way chassis vehicles, will have to comply with the provisions of AIS-093 (Rev. 1) in two stages - the first level of compliance in October 2018 and the second stage in October 2019. We believe compliance with this code is expected lead to a cumulative price rise of ~5%. However, we expect implementation of this code to have been differed.

With standardization in truck body building, we expect consolidation among truck body builders as small players may not be able to meet testing requirements. With standardization, financiers are expected to be more willing to fund the generally unsupported body building cost. This will reduce the initial down payment, minimizing the impact of the 5% rise in cost of ownership.

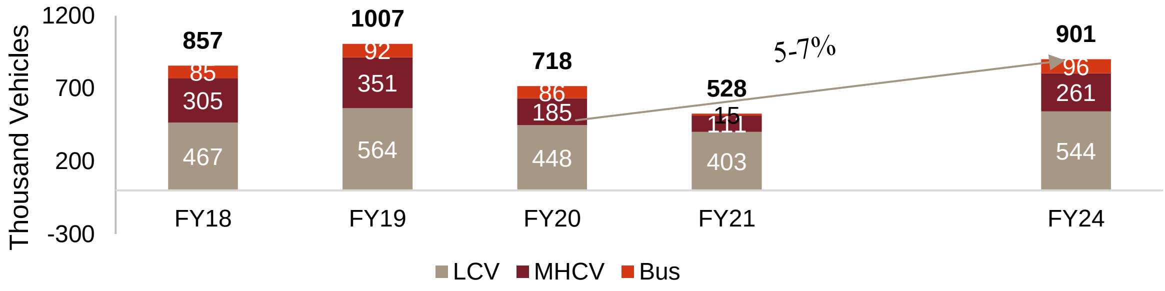
Fuel efficiency norm likely to be enforced by fiscal 2023

To make heavy duty trucks and buses more fuel efficient, the Ministry of Petroleum and Natural Gas, MoRTH, and the Ministry of Heavy Industries are in talks to notify fuel efficiency norms. We expect the norm to be enforced by fiscal 2023. Based on talks with various stakeholders, BS-IV-compliant diesel vehicles of categories M3 and N3, with GVW of 12T and above, will have to comply with these norms. Vehicles are expected to meet the 'target diesel fuel consumption' value for a specific set of speeds, which is dependent on the vehicle's GVW, axle configuration, and category (N3/M3).

Outlook on Indian automobile industry

Commercial vehicle

Commercial vehicle domestic sales outlook FY 2020- FY 2024



Source: SIAM, CRISIL Research

MHCV segment to log moderate growth on a low base

MHCV sales are likely to rise by 8-10% compound annual growth rate (CAGR), over a low base, from fiscal 2020 to 2024 (four-year CAGR), as compared to the previous five-year (FY15-20) fall in CAGR of ~1%. Moreover, tonnage addition is expected to improve by 9-11% CAGR due to a better product mix (higher growth in MAV and T-Trailer demand despite a shift to lower tonnage vehicles due to axle norm). Long term growth to appear higher over a low base after a ~47% drop in sales in FY20. The four-year growth will be despite an expected fall of ~26-28% in fiscal 2021 due to the COVID-19 outbreak.

Factors driving long-term 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).

Segment wise projections of MHCV cargo

Segment	GVW (tonnes)	FY 15 to FY 20 Growth (%)	FY 20 to FY 24 Growth (%)	Additional sub-segment rationale
ICVs	7.5-12.0	7%	5-7%	Warehouse consolidation translating into higher demand for ICVs for movement of goods from warehouses to consumption centres. Demand to be aided by e-commerce industry purchases and improvement in consumption expenditure
MCVs (ex-tippers)	12.0-16.2	(1) %	4-6%	MCVs to be cannibalised by ICVs at spokes and MAVs at hubs. Consumption sectors, such as FMCG/FMCD and e-commerce, to be key for next 1-2 years, Auto carrier segment may start gradually inching up post fiscal 2022. MAV tippers to grow at a higher pace than MCV tipper
MAVs (ex-tippers)	>16.2	(11) %	15-17%	Increasing popularity of hub and spoke model, and improved road infrastructure to drive demand for higher tonnage MAVs; owing to shift to higher tonnage MAVs and efficiency gains due to removal of check posts and higher average speed
Tippers	>12.5	5%	10-12%	Improvement in mining and construction over the long term to prop up sales. Growth to appear higher due to low base in FY20
T-trailers	>16.2	5%	4-6%	Increasing need for higher tonnage vehicles along with better road infrastructure is expected to boost demand. However, DFCs, once commissioned, would impact sales
Total MHCVs	>7.5	(1) %	8-10%	

LCV sales to grow at a modest pace in the long run

Light commercial vehicle (LCV) demand is expected to expand at 4-6% CAGR from fiscal 2020 to 2024, due to higher private consumption, lower penetration, greater availability of redistribution freight and improved finance availability post FY21. Long term growth appears to be sluggish after an expected 9-11% drop in sales in FY21, post which demand to rise at a healthy pace. 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.

Upper-end light commercial vehicles (ULCVs) offer the transporter lower returns, as compared with ICVs, and are most suited for captive use. Entry restriction on ICV trucks and higher tonnage MHCVs is expected to keep demand from this segment buoyant. However, higher toll on ULCV trucks vs. pickups will limit growth in the segment.

Three-wheeler segment to grow at a tepid pace in long term

In the past five years, SCVs, especially sub-one tonne models (0.75 tonne payload), were substituting large three-wheelers of similar payload capacity, given the SCVs' ability to carry loads beyond payload capacity, run on longer routes, maintain better balance, and be more cost-efficient. This pace of substitution is expected to slow down as much of the shift has already taken place. Rural areas still prefer use of three-wheelers because of a lack of infrastructure. Consequently, goods three-wheeler sales are expected to record a growth 2-4% CAGR between fiscals 2020 and 2024 after declining by 22-24% in fiscal 2020.

Bus demand to grow moderately in the long run

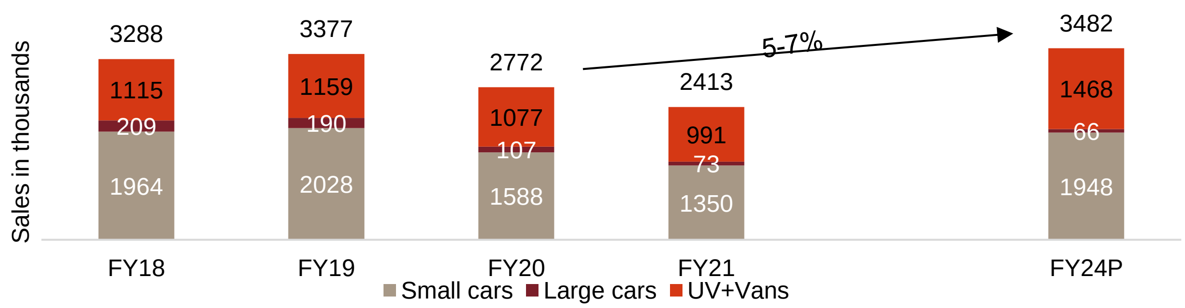
CRISIL Research projects domestic bus sales to expand on an abysmal base of fiscal 2021 (decline expected in fiscal 2021 at 80-85%) due to increasing demand for inter-city/state travel, aided by better road infrastructure, and higher personal disposable incomes. The unregulated segment, which primarily caters to demand from schools, companies and inter-city travel by private operators, will remain the largest end-user. However, further expansion in bus sales would be impacted by the implementation of metro-rail and monorail in several cities. Due to a decline in fiscal 2021, bus demand is expected to grow by 2-4% CAGR between fiscals 2020-2024.

Passenger vehicle

Industry growth to be slower than GDP growth

CRISIL Research projects domestic sales of cars and utility vehicles (UVs) to increase at a compound annual growth rate (CAGR) of 5-7% over fiscals 2020-2024, better than 1.3% CAGR logged between fiscals 2015 and 2020. The growth is expected to be better (post fiscal 2021) as consecutive years of double-digit decline would lead to a very low base in fiscal 2021. Post fiscal 2021, healthy growth expected over this low base due to moderate macroeconomic growth, increasing disposable incomes, relatively stable cost of vehicle ownership and lower fuel prices. Other factors that would aid demand are increasing urbanization, government support to farm incomes, and improved availability of finance. However, increasing congestion in metro cities and rising popularity of shared mobility services are likely to restrict car sales in the long term.

Passenger vehicle domestic sales outlook FY 2020- FY 2024



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

Post significant decline, both small cars and UVs to witness healthy growth in long term

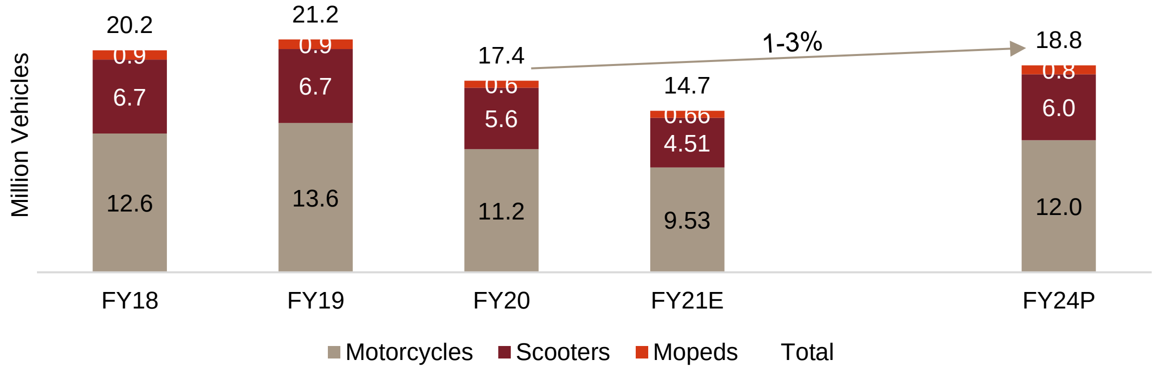
After a sharp decline in fiscal 2020 and 2021, sales of car as well as UV segment to grow at a healthy pace. Hyundai and Tata are expected to open a larger number of outlets in rural and semi-rural areas as well as estimated higher farm profitability are expected to boost sales. Moreover, the increase is cost of ownership is likely to be moderate, because of lower interest rates and increase in fuel efficiency. Large-car sales are expected to decline by 10-12% CAGR in fiscal 2020-24 because the UV segment is expected to continue cannibalize the large-car segment and put pressure on its growth. Post 7-9% decline in fiscal 2021, UV and van sales will grow faster at 7-9% CAGR during the period fiscal 2020-24, driven by a continued shift in consumer preferences and multiple model launches by manufacturers in this segment. The entry of new players in the UV segment is also expected to aid traction. Replacement demand is also likely to rise, as car owners opt for newer models due to higher affordability, competitively priced launches, and easy availability of finance. Overall, the cars and UV segment are expected to sustain growth at 5-7% CAGR during fiscal 2020 to 2024 post consecutive two years of double-digit decline.

Two wheelers

Rural markets to steer long-term growth

CRISIL Research expects domestic two-wheeler sales to record a compound annual growth rate (CAGR) of 1-3% from fiscal 2020 to fiscal 2024 because of a low base of 2021. However, need for personal mobility has provided cushion to two-wheeler industry. The two-wheeler industry recorded a 2% CAGR from fiscal 2015 to fiscal 2020. In the near term, CRISIL Research expect the two-wheeler industry to be negatively impacted by the disruption caused by COVID-19, high inventory levels and high cost of ownership owing to BS VI emission norms resulting in higher vehicles prices in fiscal 2021.

Two-wheeler domestic sales outlook FY 2020- FY 2024



Source: Society of Indian Automobile Manufacturers, CRISIL Research

Exports to decline in fiscal 2021 and then improve in fiscal 2022

In fiscal 2021, CRISIL Research projects export demand to decline by 15-20% as economies are grappling with COVID-19 leading to weak demand and trade restrictions. Two wheelers exports to top 20 COVID-19 affected nations account for ~30% of the total exports. However, major markets in Asia and Africa are likely to be impacted by trade disruptions and plummeting crude oil prices. Going ahead, exports are expected to recover in fiscal 2022 as CRISIL Research expect the impact of COVID-19 to dissipate with availability of vaccines / medicines and development of herd immunity. In fiscal 2022, CRISIL Research expect the two-wheeler exports to grow at a rate of 8-13%.

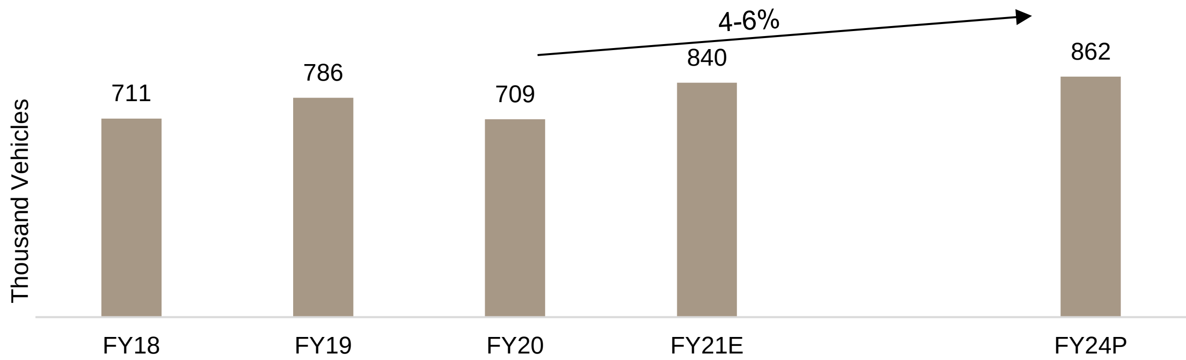
Tractors

Domestic demand to grow 4-6% in a long run

Domestic tractor sales are expected to grow 18-20% on-year in fiscal 2021 due to better crop production on account of a normal monsoon.

CRISIL Research projects domestic tractor sales to expand at 4-6% compound annual growth rate (CAGR) during fiscals 2020 to 2024, on account of low tractor penetration in India (3 tractors per 100-hectare area); government's focus on improving farm incomes through various schemes, promoting farm mechanization; and investments to improve rural infrastructure. The projected growth rate factors in one-two years of deficient rainfall.

Tractor domestic sales outlook FY 2020- FY 2024



P: Projected
Source: CRISIL Research

The following impediments will crimp growth, relative to past 6-7 years:

- States such as Haryana, Punjab and Gujarat have already reached high horsepower (hp) penetration; growth here will be restricted unless tractors penetrate small and marginal farmholds
- Going forward, high growth in minimum support prices is unlikely to continue in view of the central government's fiscal constraints and fixing of inflation control emerging as the central pillar of economic policy. Moreover, the cost of agricultural inputs such as seeds, fertilisers, and farm labour is rising, affecting farmers' profitability

Over next four years (fiscals 2020 to 2024), the following structural factors will support 4-6% growth:

- The government's objective of doubling farm income by 2022 via initiatives such as e-NAM (National Agriculture Market), expansion of crop insurance coverage, direct income support and improvement in land productivity via soil health cards. These measures should improve farmers' crop yields and affordability, and boost tractor penetration
- The government's renewed thrust on enhancing irrigation intensity and making the nation more drought-proof is expected to support agriculture growth and increase mechanisation. Irrigation investments to increase by a CAGR of 4-6% in a long run.
- Custom-hiring centres are being promoted through government incentives. The trend is catching up in Karnataka, Madhya Pradesh, Andhra Pradesh, Telangana, and Orissa and encouraging farmers to lease tractors. States such as Karnataka, Madhya Pradesh, Andhra Pradesh and Punjab are promoting such hiring centres through training, demonstrations and financial incentives
- Tractor rental services made available on mobile applications by manufacturers -- such as Jfarm by TAFE and Trringo by Mahindra -- to prop up demand for tractors in long term. Global companies such as Hello Tractors in association with Aeris, a California-based technology company, is also planning to launch a pay-as-you-use tractor service for Indian farmers

Tractor exports to continue to decline in fiscal 2021 after drop in fiscal 2020; Recover on a low base in fiscal 2022

Exports are expected to contract by 10-12% in FY21 as 28% of tractor exports are to top 20 COVID impacted countries where demand is expected to be impacted. After a fall in exports in fiscal 2020 and 2021, CRISIL Research expect the exports to rebound and grow at 14-16% in fiscal 2022.

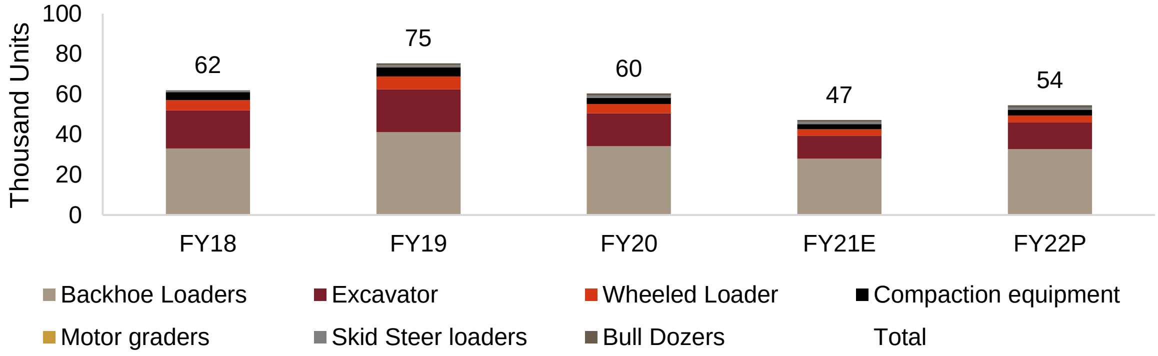
Off-highway vehicles

Construction equipment demand to shrink due to ripple effect of Covid-19 and consequent economic slowdown in fiscal 2021

The construction equipment (CE) sector is expected to take a mighty blow from the nationwide extended lockdown to curb the spread of the Covid-19 pandemic, which has pushed back a much-anticipated economic recovery this fiscal by bringing movement of people and goods and all major industries to a standstill.

While CRISIL Research witnessed a muted impact of the lockdown in fiscal 2020, the entire brunt will be felt in fiscal 2021. Given this, CE volumes declined by ~20% in fiscal 2020 with the fourth quarter being a complete washout. CRISIL Research expect volumes to plunge further by 21-23% in fiscal 2021. Further, government funds will be diverted towards healthcare facilities, resulting in lower investments in the infrastructure segment translating to low demand for equipment. In fiscal 2022, volumes are expected to increase 14-16% on two years of lower base effect.

CE domestic sales outlook FY 2021- FY 2022



Source: CRISIL Research

Rental and leasing business to grow in the long term

The equipment rental and leasing business in India is small, compared with the developed markets. However, it possesses high growth potential and an uptrend has been visible over past few years. Earlier, rented equipment were only used for complex projects such as wind energy, thermal power, port construction, and mega industrial projects. However, interactions with industry experts indicate that now rented equipment is used even for smaller projects. CRISIL Research expect these projects to aid equipment sales. This comes with the caveat that the industry is still at a very nascent stage and has a long way to go in order to become organized as in the developed markets of Europe and the US.

The construction equipment leasing business in India lost momentum on account of the multiple taxes levied on equipment from 2001. Since then, the industry has shifted towards the financial lending model from equipment leasing, as the former provided tax benefits. However, with GST coming into play, the leasing business is expected to pick up.

Disbursements dip, NPAs rise in CE industry

The decline in CE demand is reflected in the quantum of loans disbursed by equipment finance companies. Close to 85-90% of the equipment are financed with institutional credit whereas cash purchases account for the rest. Also, the ratio between new and used equipment financing is 70:30.

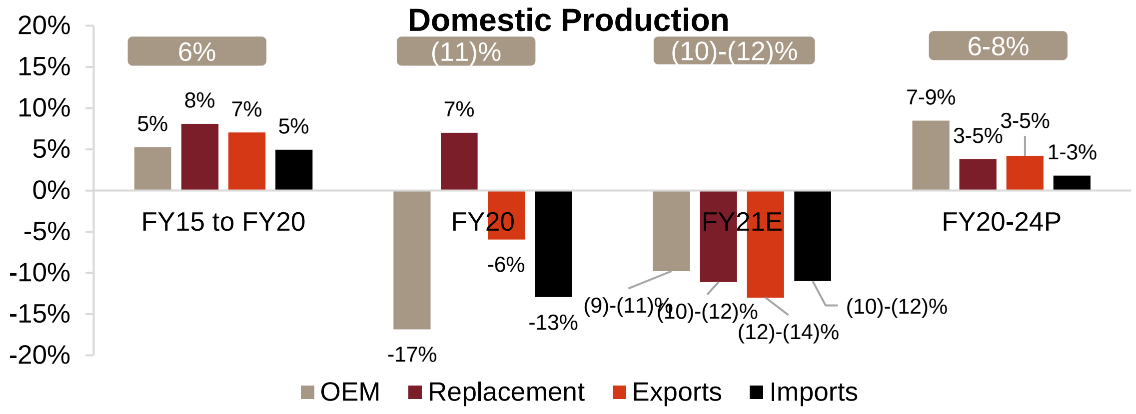
NBFCs saw a decline in disbursements in fiscal 2020. For SREI Equipment Finance, one of the major equipment financiers in the country, disbursements dipped by 21% in the first half of fiscal 2020, compared with the first half of 2019.

Gross non-performing assets (GNPAs) of equipment financiers stood at 4.6% (as of September 2019), against 3.3% (as of September 2018). Equipment financing has seen an upswing since October 2015, primarily driven by the roads sector. Going further, demand is expected mainly from road and mining equipment.

AUTOMOTIVE COMPONENTS INDUSTRY IN INDIA

The Indian auto components industry clocked a CAGR of 6% in production over fiscals 2015 to 2020, led by growth in replacement and exports demand. Domestic demand is forecast to log a CAGR of 6-8%, driven by demand from OEM at 7-9%, whereas exports are set to grow at 3-5% over fiscals 2020 to 2024.

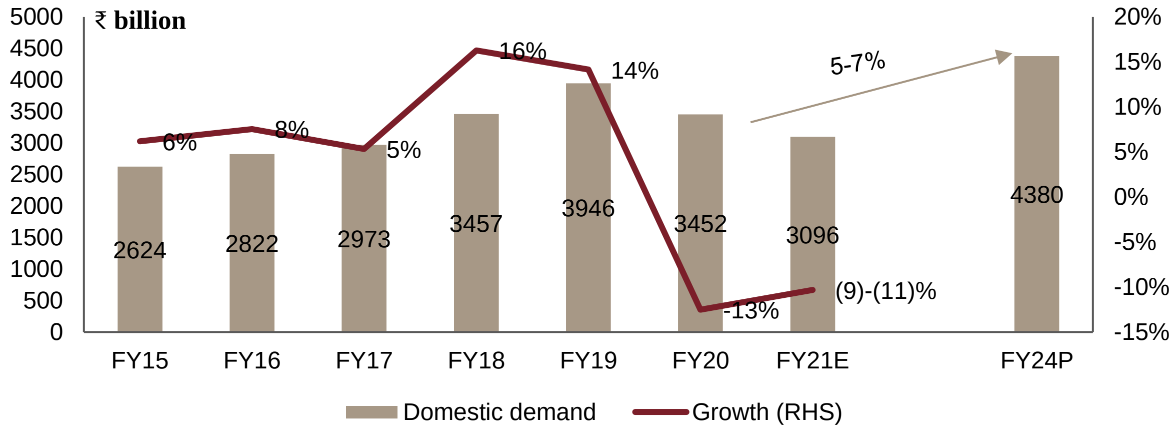
Growth trajectory of auto components sector



Source: CRISIL Research

Domestic market

Demand for automotive components (domestic consumption)



Source: CRISIL Research

CRISIL Research projects domestic auto component consumption to decline by 9-11% in fiscal 2021 on account of subdued demand across all automobile asset classes amid continued weakness in the economy and lower demand from the replacement market owing to less movement of vehicles. However, higher component intensity due to the BS-VI norm is expected to aid average realisations. In long term, CRISIL Research expects the domestic consumption to grow at a pace of 5-7% CAGR between fiscals 2020-2024. In fiscal 2021, imports are expected to decline by 10-12% owing to subdued demand from OEMs and the aftermarket. Besides, domestic auto component manufacturers have also been operating at below-normal utilization levels owing to weak demand. Imports declined by 33% on-year during the first quarter. Going ahead, with improving domestic production, demand for imports is expected to pick up on a sequential basis. In the long term, i.e. between fiscals 2020 and 2024, CRISIL Research expects domestic auto component production to log a CAGR of 6-8% to ~₹4,225 billion. OEM demand is expected to clock a CAGR of 7-9% between fiscals 2020 and 2024 to reach ~Rs 2,772 billion, on the back of healthy growth in the OEM segment on a low base of fiscal 2020 and 2021 due to BS-VI norms and the Covid-19 pandemic, respectively.

Replacement demand

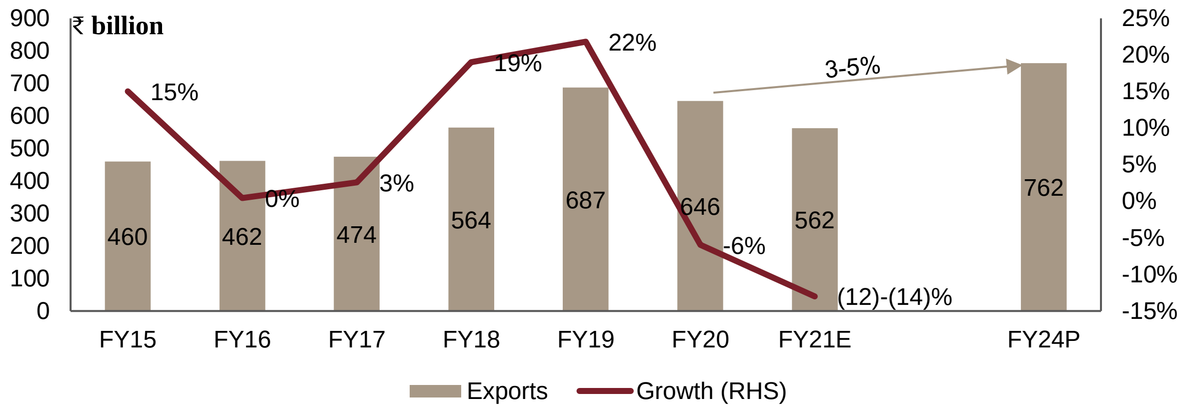
As for the replacement market, demand weakened for the first time in over a decade owing to lower movement of vehicles on the back of imposed nation-wide lockdowns, followed by state-wide lockdowns until August 2020. The auto component replacement market is projected to grow at a steady rate of 3-5% CAGR between fiscals 2020and 2024. Replacement demand is expected to be lower as compared to the growth logged between fiscal 2015-2020 due to increased durability of components (better quality), better road infrastructure and increase in service intervals leading to lower preventive maintenance is resulting in a slower growth rate in the long term. Demand in the replacement market will grow due to increase in the utilization rate of CVs and increase in penetration of cab aggregator services in the overall stock of passenger vehicles.

Imports

Imports are expected to grow at 1-3% CAGR in the long term. Greater focus of the Indian government on indigenization is expected to reduce imports of components in the long run. With the government's focus on electric vehicles (EVs) and with no material supplier of battery management systems (BMS) in India, imports from this segment are expected to drive growth, although limited by low EV penetration, in the medium term. Growth in imports will, however, be restricted by the growing research and development (R&D) efforts of local players, as well as anti-dumping and customs duties levied by the government.

Exports

Trend in auto component exports

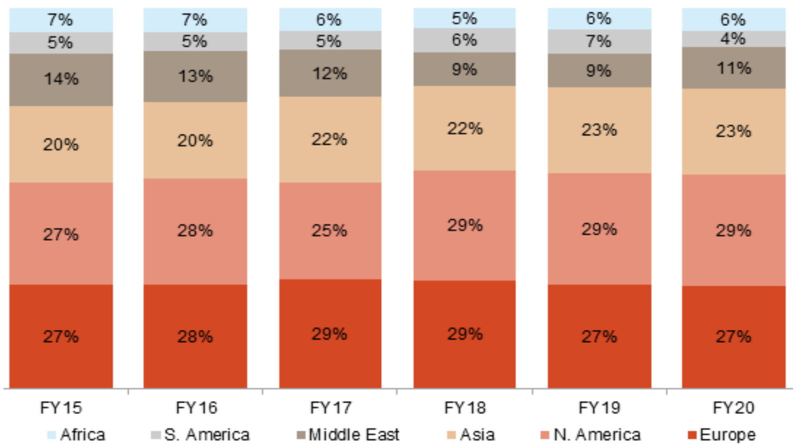


Source: CRISIL Research

Exports have a high correlation with the global economic scenario. The major exports are to North America and the EU. They account for almost half of the overall exports pie. Exports declined by 56% on-year in the first quarter of fiscal 2021. Since there is a fear of further downside on account of the second wave of the pandemic in the major importing nations, CRISIL Research expect exports to de-grow by 12-14% in fiscal 2021.

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, exports logged a CAGR of only ~7%, mainly because India's exports comprise low-value products such as chassis. However, this scenario is changing as India's technological capabilities are improving because of collaboration with foreign partners. In long term, CRISIL Research expect the exports to grow at the CAGR of 3-5% between fiscals 2020-2024 to ~₹762 billion in fiscal 2024.

Asia has been gaining traction in India's auto components market



Note: UK, Germany, France and Italy constitute Europe.
Source: CRISIL Research

Exports to decline in fiscal 2021

For fiscal 2021, CRISIL Research expect India's auto component exports to decline by 12-14% after declining by 6% in fiscal 2020. With the spread of Covid-19 in Europe, the US and South America, automobile production in these key export destinations (Europe, the US and Brazil account for 27%, 24% and 5% share of India's exports) is expected to be lower than the preceding year. This is expected to hit India's automotive component exports. However, with the number of Covid-19 cases plateauing globally, demand is expected to recover on a sequential basis. This is evident from the automobile industry showcasing signs of recovery in North America and Europe, registering an on-year growth in sales. As consumers are adapting to the ongoing pandemic environment, leading to an improving economic scenario, auto component demand from these countries is projected to witness a slight uptick.

Exports to grow at a slightly slower pace in the long term

Auto component exports are projected to rise at 3-5% CAGR between fiscal 2020 and 2024 after seeing a two-year consecutive decline in fiscal 2020 and 2021. As India is moving towards higher global standards in terms of quality and safety measures. This helps players to expand into newer geographies and gives them an edge compared with other low-cost countries. Currently, the penetration of Indian automotive components in major markets is minuscule – comprising a little more than 1% of global exports - indicating considerable scope for domestic manufacturers to expand their exports share in the coming years as they expand to new geographies and widen their product offerings.

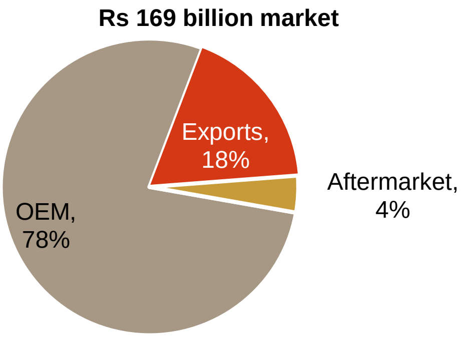
REVIEW AND OUTLOOK ON THE ALUMINIUM DIE CASTING MARKET IN INDIA

Review of aluminium casting market in India

40% of the metal castings in the automobiles industry use aluminium, with a majority of cast components made for the two-wheeler and passenger vehicle segments. 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 part of alloy wheels, has picked up due to an increase in penetration of alloy wheels in two-wheelers and passenger vehicles.

Non-ferrous/ aluminium casting forms nearly 70% of the overall casting market in value terms. Two-wheelers account for ~70% of the aluminium die casting market, followed by passenger vehicles with 25% share and commercial vehicles with a 4-5% share in value terms. Original equipment manufacturers account for 75-80% of the offtake. Exports account for 15-20%, with the aftermarket comprising the remainder. Size of the aluminium casting industry was about Rs 169 billion in fiscal 2020. Demand for aluminium die casted products stood at 0.44 million metric tonnes in fiscal 2020.

Revenue distribution (fiscal 2020)



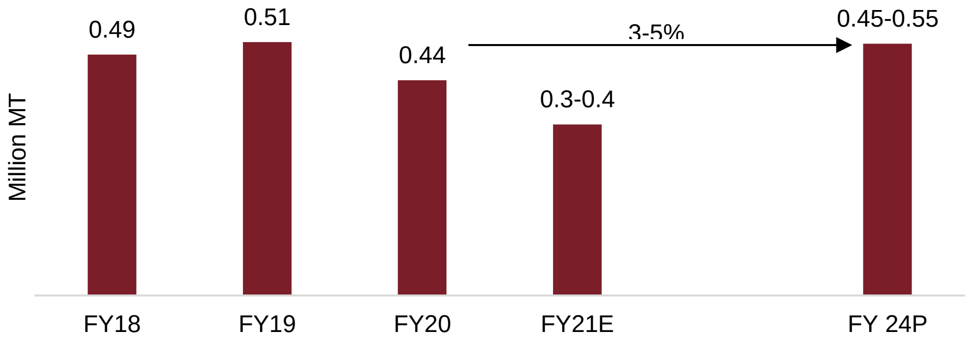
Source: CRISIL Research

Outlook on aluminium castings market in India

During fiscal 2020, amidst a slowdown in economic growth, regulatory price hike, weak rural demand and a loss of March month's sale due to Covid 19 lockdowns, underlying growth in the automotive industry (domestic+ exports) dropped nearly 15% y-o-y. The commercial vehicle segment contracted the most at 30%, while a major contributor to the automotive industry, the two-wheeler segment, contracted 14%. This contraction trickled down to the automotive aluminium casting industry with ~14% drop in volumes & 18% fall in value.

In fiscal 2021, the Covid19 pandemic put the brakes on automotive segment demand. CRISIL Research expects a further drop of 14-16% on year in automotive demand (domestic+ exports) in fiscal 2021. The casting market, in turn, is also expected to shrink by 18-20% in fiscal 2021. Automotive industry is expected to pick up pace from fiscal 2022, supporting demand for the aluminium casting industry as well.

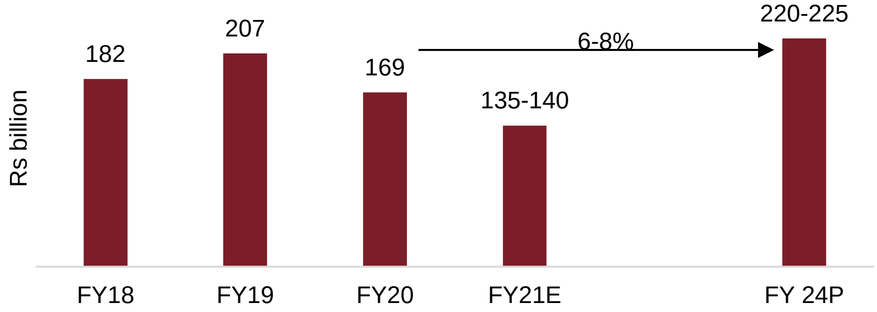
Aluminium die casting market volumes



Source: CRISIL Research

- Automotive industry demand is estimated to clock 2-4% CAGR during fiscal 2020 to 2024 with the expected improvement in the economy, improvement in consumer sentiment, vehicle launches & support from financiers. The subdued growth pace expectation is due to the sharp drop expected in fiscal 2021. From fiscal 2021-2024, industry is expected to register a healthy growth of 8-10% CAGR.
- In line with automotive demand, the aluminium castings market (in tonnage terms) is projected to grow 3-5% to reach 0.45-0.55 million MT by fiscal 2024.
- In value terms, the market is expected to touch Rs 220-225 billion, clocking 6-8% CAGR.

Aluminium die casting market in value terms



Source: CRISIL Research

Key players

The aluminium die casting industry has a large number of players. Major organised players include Rockman Industries, Sunbeam Auto Private, Alicon Castalloy, Sundaram Clayton,Endurance Technologies and Craftsman Automation Limited.

Growth drivers

- Growth in automobile sales;
- Passenger vehicles and two-wheelers account for 95% offtake of non-ferrous/ aluminium castings;
- India as an export hub;
- Global original equipment manufacturers (OEMs) are promoting localization in India due to its cost effectiveness;
- Movements like "Make in India" augur well for the domestic castings industry;
- Lighter vehicles consume less fuel. Lesser weight helps minimize brake and tyre wear and tear;
- Automakers are trying to reduce vehicular weight by using non-ferrous metals like aluminium to cut carbon emissions;
- Cost competitiveness;

- Employee cost accounts fro10-12% of the total turnover. Lower labour cost helps in reducing the production cost for casting players; and
- However, stringent quality norms tend to weigh on the overall cost.

Challenges

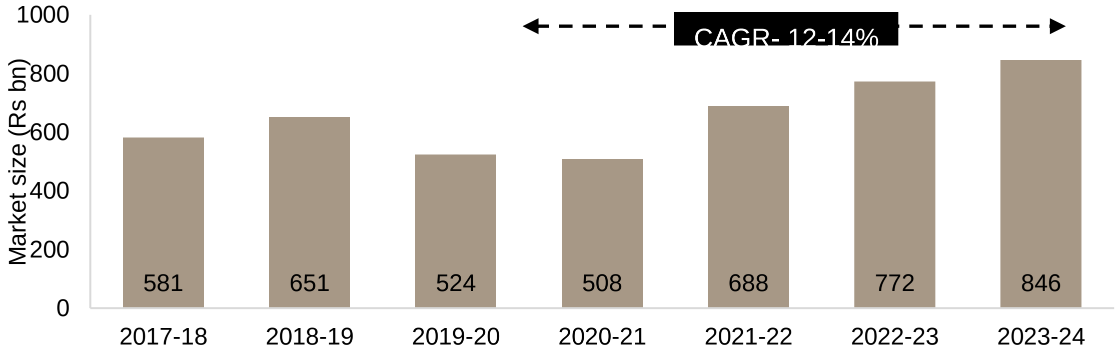
- Variation in raw material costs;
- Raw material costs form a major proportion of the total cost (~60%);
- Price movements in raw materials are determined by international supply and demand dynamics, due to which they fluctuate widely;
- Moreover, changes in prices of raw materials are passed on to the customer with a lag of one quarter;
- A slowdown in demand coupled with a significant variation in raw material prices badly affects the bottom-line;
- Threat from low-cost manufacturers abroad;
- The industry faces competition from manufacturers in other countries, viz., Thailand, Bangladesh, China, and other emerging markets;
- Countries such as China offer faster deliveries and work on lower cost models, attracting international and domestic clients;
- However, due to in-house R&D, adoption of new processes, and campaigns such as "Make in India," such countries pose low threat to the auto castings players;
- Technological changes;
- The government's thrust on e-vehicles, light weight vehicles will lead to a significant change in auto castings products. For companies to remain relevant, they will need to quickly adapt designs and processes; and
- Shift towards usage of material such as plastics and composites in place of aluminum or iron will also impact castings players.

REVIEW AND OUTLOOK OF INDIA'S POWERTRAIN MARKET

Powertrain and transmission market to accelerate up to fiscal 2024

The power train market is expected to clock 12-14% CAGR during fiscals 2020 to 2024. Fiscal 2021, though, is expected to be affected by a drop in domestic demand as well as subdued exports owing to disruptions in the economies caused by the Covid-19 pandemic globally.

Powertrain market to grow at a stable pace post a dismal FY21



Source: CRISIL Research

The cost of key raw materials such as aluminium, iron, and steel will also have a bearing on the cost of powertrain components. After rising at 5-6% CAGR from fiscal 2016 to 2019, domestic ex-factory aluminium prices crashed 12-14 % in fiscal 2020 as demand from the automobile sector was subdued on account of poor vehicle sales. In the year-to-date fiscal 2021 period, aluminium prices have remain largely similar to average levels seen last year.

In the case of iron ore fines, though, after rising at 14-16% CACR from fiscal 2016 to 2019, domestic iron ore prices plummeted 8-10% on-year in fiscal 2020 as steel demand remained subdued from automobile as well as construction related segments.

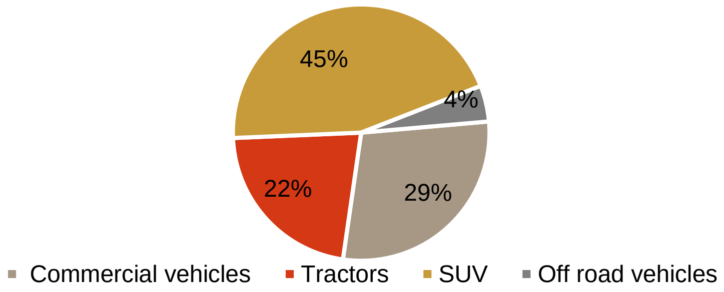
Power and transmission

In automobiles, a powertrain generates power and transmits it to the wheels. It can be broadly classified into four components – (i) engine and engine parts, (ii) transmission, (iii) driveshaft, and (iv) rear axle. The engine burns the fuel to produce mechanical power. It comprises several critical components, including cylinder block, cylinder head, and crankshaft, pistons, camshaft, and engine valves.

Cylinder block

Cylinder block is the supporting structure of the engine on which all engine parts are mounted. It houses the cylinder, which gives engine its power. The cylinder block for commercial vehicles (CVs), off-road vehicles, sports/multi-utility vehicles (SUVs / MPVs), and tractors uses cast iron. In fact, cast iron accounts for 55-60% of the manufacturing cost, which weighs on the revenue of companies. The market size of the cylinder block for CVs, construction vehicles, MPV/SUVs, and tractors was Rs 27.9 billion in fiscal 2020, which is expected to reach ~Rs 40.6 billion by fiscal 2024.

Market share of cylinder block by vehicle segment (fiscal 2020: Rs 27.9 billion)



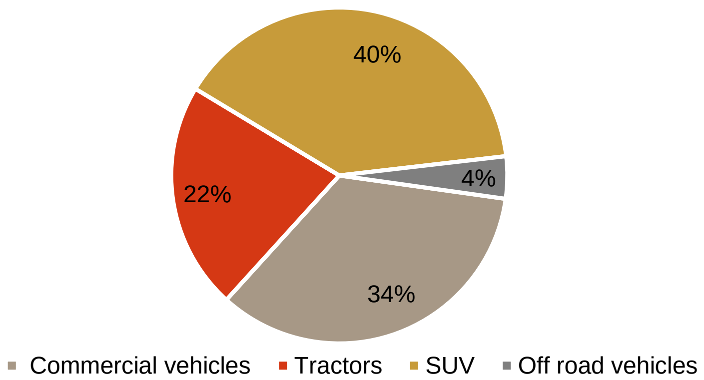
Source: CRISIL Research

Cylinder head

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 a cylinder block, cylinder heads are also manufactured by the process of casting using ferro alloys.

The current market size of cylinder head for CVs, construction vehicles, SUVs, and tractors is Rs 14 billion, which is expected to reach ~Rs 18.2 billion by fiscal 2024.

Market share of cylinder head by vehicle segment (fiscal 2020: Rs 14 billion)



Source: CRISIL Research

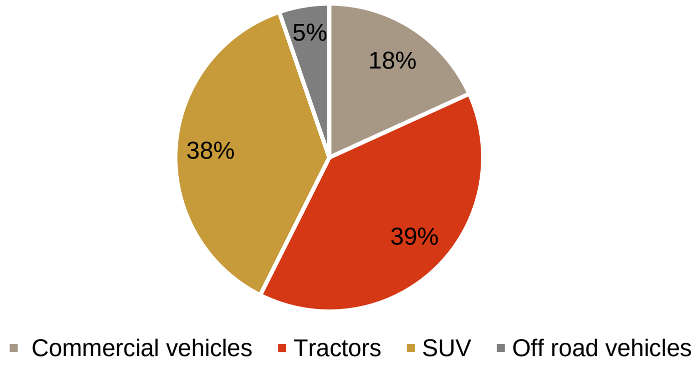
Transmission

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, rear axle housing, etc.

Transmission is a set of gears within a casing that allows controlled application of the power using different gear ratios. The switching of gears can be done manually by the driver of the vehicle or automatically, depending on the type of transmission used in the vehicle. In India, manual transmission is used for CVs and tractors, while automatic transmission is used for SUVs.

The current market size of transmission for CVs, SUVs, and tractors is ~Rs. 280 billion, which is expected to reach ~Rs. 385 billion by fiscal 2024.

Market share of transmission by vehicle segment (fiscal 2020: Rs 280 billion)

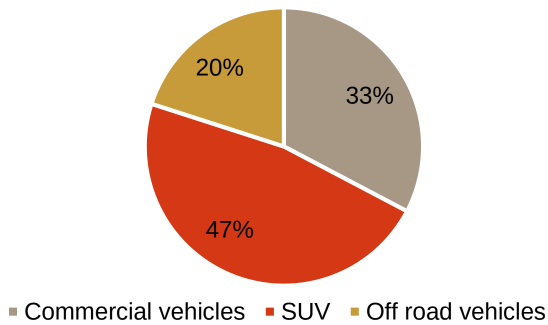


Source: CRISIL Research

Rear axle

Rear axle lies between the wheels and the differential gear that transmits power from the differential to the wheels. The differential gear and rear axle are enclosed in a single housing that is connected to the drive shaft. Auto-component manufacturers use the process of forging/ castings, post which heat treatment and machining is done for the finished product. The current market size of rear axle for CVs, SUVs and off-road vehicles is Rs 73.8 billion, which is expected to reach ~Rs 90.3 billion by fiscal 2024.

Market share of rear axle by vehicle segment (fiscal 2020: Rs 73.8 billion)



Source: CRISIL Research

Key players in powertrain and transmission manufacturing and machining across segments

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		√	√	√	√

Key Players	Two wheelers/Three wheelers	Passenger vehicles	Commercial Vehicle	Construction Equipment	Tractor
Craftsman Automation Limited	√	√	√	√	√

Source: CRISIL Research

Craftsman amongst the leading cylinder head and cylinder block machining players

When compared with the market size of the vehicle segments considered for this assessment, in terms of production volume, Craftsman Automation Limited is the largest component manufacturer engaged in machining of cylinder heads and cylinder blocks in the construction equipment industry as well as in the IMHCV segment of the commercial vehicle Industry

While in case of the tractor Industry Craftsman is among the top 3-4 component manufacturers with respect to cylinder block machining.

Commercial vehicle industry

Moderate growth for CVs industry in the long term

CRISIL Research has categorized the CV industry into medium and heavy commercial vehicles (MHCVs), light commercial vehicles (LCVs), and buses to better analyses the dynamics within each of these key segments.

CRISIL Research expects sales of MHCVs, LCVs and buses, the three major CV segments to grow a combined 5-7% CAGR between fiscals 2020 and 2025, compared to 3.2% between fiscals 2015 to 2020.

Healthy industrial growth from fiscal 2022 to upshift revival

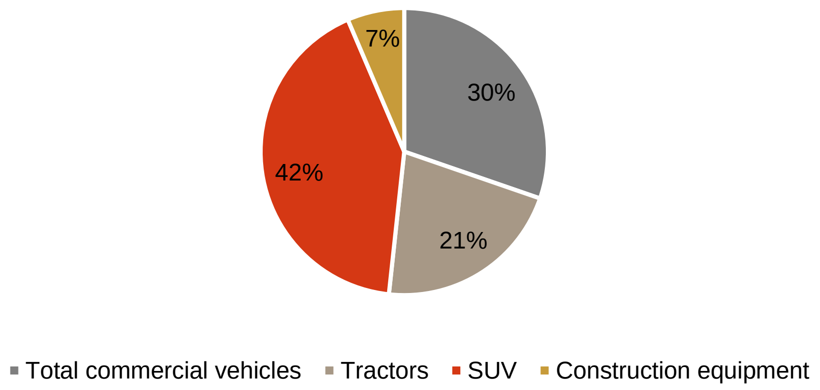
The Indian industry's gross value add (GVA) had been growing tepidly, averaging 5% between fiscals 2015 and 2020. After a weak fiscal 2021 owing to the Covid-19 pandemic, CRISIL Research expect industrial GVA to rise rapidly between fiscals 2022 and 2025, driven by the government's focus on 'Make in India'. Moreover, improvement in infrastructure and higher expected corporate expenditure is likely to revitalise the capital expenditure cycle, post fiscal 2021.

Focus on infrastructure and increased mining activity to bolster tipper demand

Highway execution by the National Highways Authority of India is expected to stabilise at 10-11 km per day by fiscal 2024, as against 9 km per day in fiscal 2019, aided by the Bharatmala project. Projects such as Sagarmala and investments in various irrigation projects will further drive MHCV demand.

CRISIL Research expect coal production to expand at 4-5% CAGR between fiscals 2020 and 2024, while iron ore mining will likely grow at a healthy pace during this period, aiding tipper demand.

Market share of powertrain and transmission segment-wise – fiscal 2020: Rs 524 billion



Source: CRISIL Research

Factors putting the brakes on MHCV growth

Commissioning of DFC to restrict road freight growth and hence CV sales

The DFC is intended to help the Indian Railways regain lost freight share by cutting turnaround times between importing and consuming destinations, influencing several industries to realign their logistics strategies. The DFC and associated logistics parks can significantly reduce plant-level inventory, enabling huge savings in working capital. Not only will the DFC bring about faster freight movement, but it will aid the economy by decongesting major highways owing to the increased shifting of freight to rail. It will also allow for faster evacuation of cargo from ports, improving efficiency. Thus, roads, which have outperformed rail over the past decade, will lose some share to rail once the DFC is commissioned.

Tractor trailers (T-trailers) will be the most vulnerable to competition from the railways, following completion of the eastern and western DFCs. These routes account for over 20% of pan India primary freight in billion tonne kilometre (BTKM) terms. Container traffic (~65% of the western corridor) and bulk commodities (~89% of the eastern corridor), which dominate the freight carried on these routes, are expected to shift to railways, thus impacting sales of MHCVs, especially T-trailers.

In fiscal 2022, partial commissioning of the western DFC will connect Gujarat to North India; complete commissioning of the DFC is expected by fiscal 2023. Movement of fertiliser from Gujarat to north India would drive rail share from fiscal 20Y22, affecting T-trailer demand.

ICVs to drive MHCV demand after GST implementation

After implementation of the GST, companies are transporting goods directly from manufacturing units to consumption centres to a greater extent as central sales tax for interstate movement is no longer levied. This is expected to increase the demand for ICVs in the long run as the typical load for such movement favours the use of ICVs.

Segment	GVW (tonnes)	FY 15 to FY 20 Growth (%)	FY 20 to FY 24 Growth (%)	Additional sub-segment rationale
ICVs	7.5-12.0	7%	5-7%	Warehouse consolidation translating into higher demand for ICVs for movement of goods from warehouses to consumption centres. Demand to be aided by e-commerce industry purchases and improvement in consumption expenditure
MCVs (ex-tippers)	12.0-16.2	(1) %	4-6%	MCVs to be cannibalised by ICVs at spokes and MAVs at hubs. Consumption sectors, such as FMCG/FMCD and e-commerce, to be key for next 1-2 years, Auto carrier segment may start gradually inching up post fiscal 2022. MAV tippers to grow at a higher pace than MCV tipper
MAVs (ex-tippers)	>16.2	(11) %	15-17%	Increasing popularity of hub and spoke model, and improved road infrastructure to drive demand for higher tonnage MAVs; owing to shift to higher tonnage MAVs and efficiency gains due to removal of check posts and higher average speed
Tippers	>12.5	5%	10-12%	Improvement in mining and construction over the long term to prop up sales. Growth to appear higher due to low base in FY20
T-trailers	>16.2	5%	4-6%	Increasing need for higher tonnage vehicles along with better road infrastructure is expected to boost demand. However, DFCs, once commissioned, would impact sales
Total MHCVs	>7.5	(1) %	8-10%	
MHCV buses	>7.5	0.4%	(1)-1%	The segment may need over two years to recoup the lost volume in fiscal 2021. While short-term demand is currently driven by STUs, bulk of the new demand over the long term is expected to arise from private operators, as STUs are financially constrained and customers prefer private buses because of better quality of service

Tractor industry

Domestic demand to grow at subdued pace over next five years on high base

CRISIL Research projects domestic tractor sales to expand at 3-5% CAGR during fiscals 2020 to 2025, after factoring in 1-2 years of below normal monsoon in the period along with a decline in investment in Pradhan Mantri Gram Sadak Yojana by 10% over the next five years, owing to the lower targets impacting commercial demand.

Over next five years, the following structural factors will support the 3-5% CAGR:

- The government's target of doubling farm income by 2022 via initiatives such as e-NAM (National Agriculture Market), expansion of crop insurance coverage, direct income support, and improvement in land productivity via soil health cards. These measures should improve farmers' crop yields and affordability, and boost tractor penetration
- The government's renewed thrust on enhancing irrigation intensity and making the country more drought-proof is expected to support agriculture growth and increase mechanisation. Irrigation investments to increase at 4-6% CAGR during fiscals 2020 to 2025
- Custom-hiring centres are being promoted through government incentives. The trend is gaining ground in Andhra Pradesh, Karnataka, Madhya Pradesh, Orissa, and Telangana. To be sure, Andhra Pradesh, Karnataka, Madhya Pradesh, and Punjab are promoting such hiring centres through training, demonstrations and financial incentives
- Tractor rental services made available on mobile applications by manufacturers, such as Farm by TAFE and Trringo by Mahindra, to prop up demand for tractors in the long term. Global companies such as Hello Tractors, in association with Aeris, a California-based technology company, is also planning to launch a pay-as-you-use tractor service for Indian farmers.

Nevertheless, the following will crimp growth, relative to the past 6-7 years:

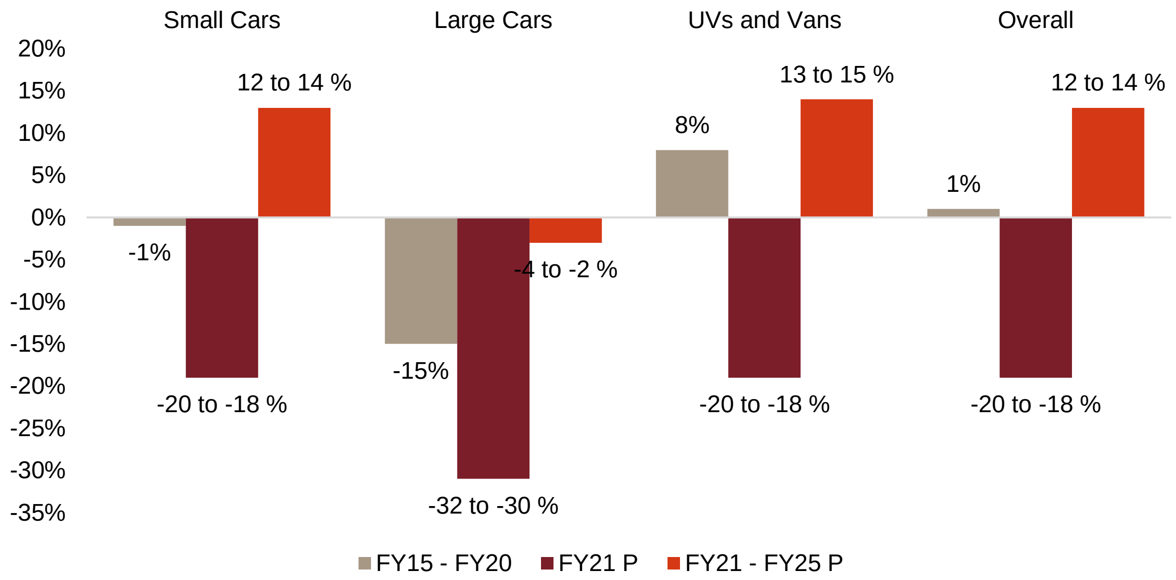
- States such as Gujarat, Haryana, and Punjab have already reached high horsepower (hp) penetration; hence, growth here will be restricted unless tractors penetrate small and marginal farm holdings;
- Going forward, high growth in minimum support prices is unlikely to continue in view of the central government's fiscal constraints and fixing of inflation control emerging as the central pillar of economic policy. Moreover, the cost of agricultural inputs such as seeds, fertilizers, and farm labour is rising, affecting farmers' profitability;
- Tractor exports to grow at moderate pace over five years;
- Export CAGR between fiscals 2020 and 2025 is expected to be moderate at 4-6% compared to a flattish trajectory between fiscals 2015 to 2020, with Africa and Asia likely to remain the focal regions. Also, with India emerging as an export hub for relatively small tractors (30-75 hp), and major companies increasing focus on international markets with the launch of 90-120 hp tractors, CRISIL Research expect sustainable export growth over the next five years.

Utility vehicle industry

Post 14-19% on-year projected decline in fiscal 2021, UV and van sales are forecast to grow a faster 13-15% CAGR between fiscals 2021 and 2025, driven by continued shift in consumer preferences and multiple model launches by manufacturers in this segment. The entry of new players in the UV segment is also expected to support traction. Replacement demand is likely to rise as well, as car owners opt for newer models because of higher affordability, competitively-priced launches, and easy finance availability.

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 become inclined to opt for newer models on account of higher affordability, competitively-priced launches, and easy availability of finance.

Segment-wise automobile sales trend



Source: CRISIL Research

Underpenetrated market provides huge potential for cars and UVs

India's car market is highly underpenetrated compared with most developed economies and some developing countries. As of fiscal 2019, India had ~23 passenger vehicles per 1,000 people. This is significantly lower than developed nations and even nations in the BRIC block (Brazil, Russia, and China) when compared to GDP per capita. Thus, the country holds tremendous potential for automobile manufacturers. Also, on comparing the penetration of cars and UVs with GDP per capita across countries, India lags behind most countries, and, as such, CRISIL Research expect the gap to reduce gradually, post the decline in fiscal 2021

REVIEW AND OUTLOOK ON ALUMINIUM CASTINGS USED IN POWER TRANSMISSION IN INDIA

Overview

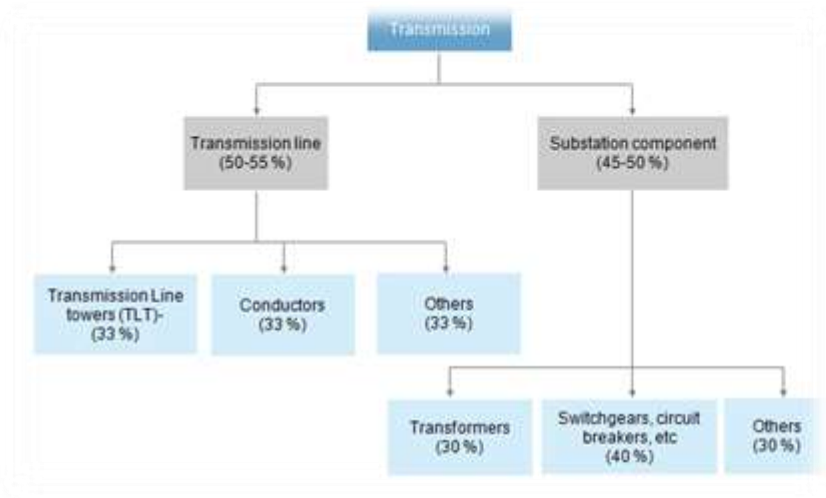
Power transmission is the bulk movement of electrical energy from a generating site, such as a power plant, to an electrical substation. The transmission segment plays a key role in transmitting power continuously to various distribution entities across the country. Further, the transmission sector needs concomitant capacity additions, in line with the generation capacity addition 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. 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.

Transmission system components

The transmission system can be divided into transmission line component and substation component. Both components account for almost 50% of the total cost of setting up the system. The transmission line component comprises transmission line towers and conductors. The main cost elements of the substation component are transformers and switchgears.

Transmission system components (cost share of different components)

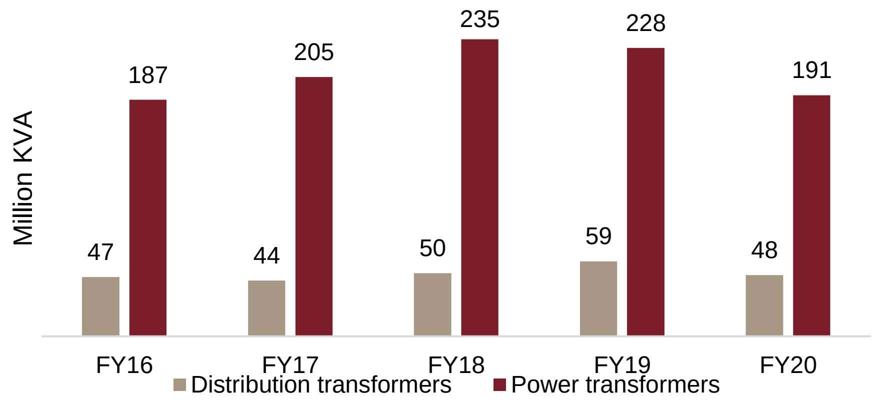


Note: The percentage share of components is only indicative; actual investment incurred may differ from project to project.
Source: CRISIL Research

Transformers

Transformer helps in changing the voltage level, while transmitting electrical energy over long distances, to avoid energy loss during transmission and make the required power available to consumers. Step-up transformers are used to increase the voltage, while decreasing the current during transmission, and step-down transformers are used to decrease the voltage while increasing the current, whereas distribution transformers are used to transmit power to the end consumer.

Production of transformers



Source: Indian Electrical & Electronics Manufacturers Association (IEEMA), CRISIL Research

In fiscal 2018, transformers witnessed a sharp growth of ~16% on-year, supported by PGCIL ordering, as expansion in rural electrification and transmission system received a boost through centrally funded schemes, such as DDUGJY and IPDS, coupled with steady exports, particularly to Europe, Africa, and South America. PGCIL ordering has been on a downward trend since fiscal 2018, impacting transformer production, especially in fiscal 2020.

Switchgear

Switchgear refers to the combination of electrical equipment such as 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 an 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.

Growth drivers and challenges

Power demand to decline in fiscal 2021 due to Covid-19; revival likely from fiscal 2022

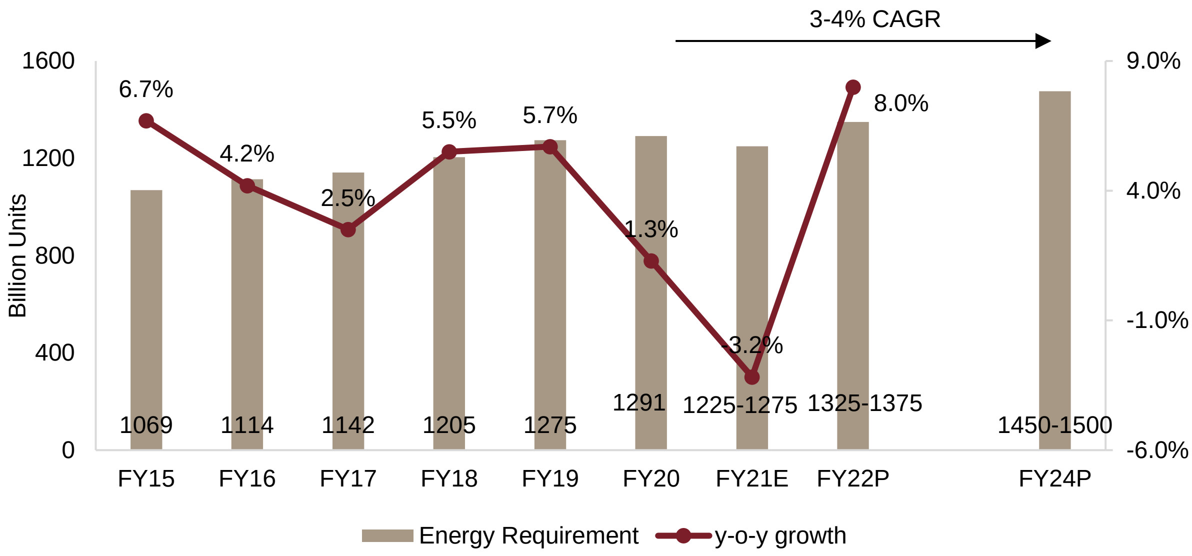
Power demand fell off the cliff in April-May 2020, as economic activity skid to a halt, because of the Covid-19-induced lockdown. Industrial and commercial demand nosedived during the period, due to a nationwide lockdown that brought all activities, except essential services, to a standstill, even as domestic power consumption surged, as most of the population was forced to stay indoors. Agricultural activities, deemed essential to the economy, continued uninterrupted through the lockdown, thereby insulating demand from the agriculture sector.

Power demand started recovering from June, as the nationwide lockdown was lifted, with a decline of ~16% registered for the first quarter of fiscal 2021 after a fall of ~23% and ~15% in April and May, respectively. Partial lockdowns and area-specific restrictions have prevented a full recovery in power demand. Industrial consumption has been slow to pick up, as weak demand, supply chain disruptions, and labour availability issues have made a smoother recovery difficult. Commercial demand has been hampered by extended closure of offices and commercial retail spaces, as well as weak consumer spending amid health concerns and job losses. Domestic demand remained on the higher side, due to increased usage of electronic devices by residents at home, especially in summer, whereas agricultural consumption remained largely unaffected.

As the economy slowly switches on amid partial relaxations to the lockdown, power demand is gradually starting to pick up to near pre-Covid-19 levels. With factories slowly restarting, industrial demand is expected to gradually revive, even as issues, such as supply chain disruption, labour shortage, and additional burden of safety measures are slowly ironed out. Power demand from the commercial segment is likely to be on the lower side for a few months, as employers remain cautious about reopening offices, whereas commercial activities, such as retail, entertainment, travel, and hospitality are expected to remain closed or witness lower footfalls over the rest of the fiscal. Domestic power demand is likely to remain slightly higher as people stay indoors, aided by enablers such as work-from-home, online education, and e-commerce. Agricultural consumption is expected to remain stable due to its essential status, with the recent influx of migrant population likely to contribute to higher power consumption in rural areas. Consequently, power demand is expected to fall by (2-4) % in fiscal 2021, with reduced economic activity acting as a major drag, although domestic and agricultural demand could provide some cushion.

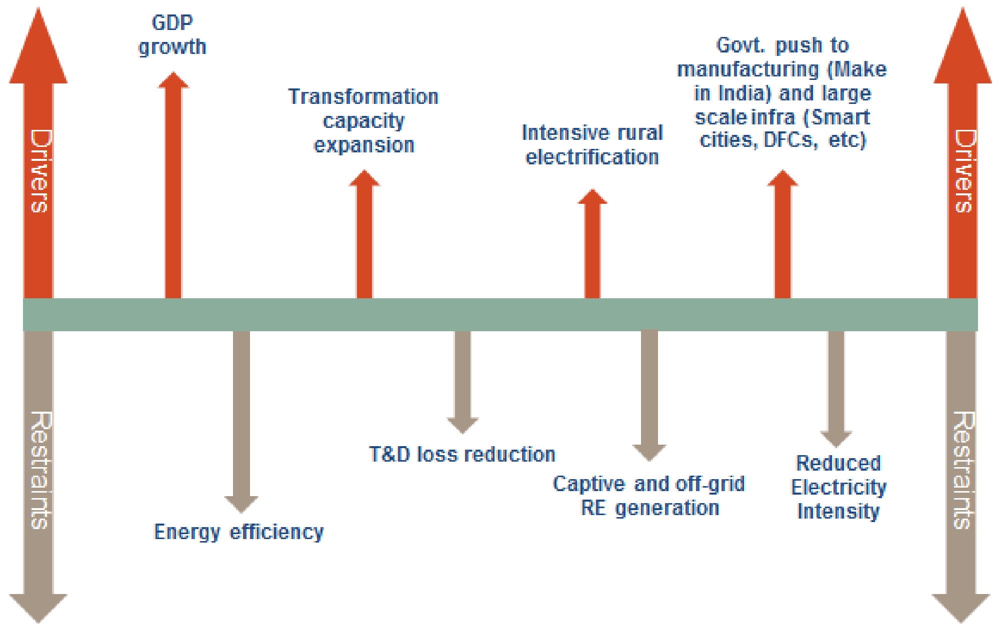
Power demand is likely to rebound 7-9% in fiscal 2022, as the economy picks up with return to normalcy in the post-pandemic environment and trickle-down effect of economic relief measures. In the long term, power demand is expected to be supported by economic growth recovery, expansion in reach via strengthening of transmission and distribution (T&D) infrastructure, and improved power quality, thereby registering a 3-4% CAGR over the next five years.

Power demand outlook



Source: CRISIL Research

Factors impacting power demand

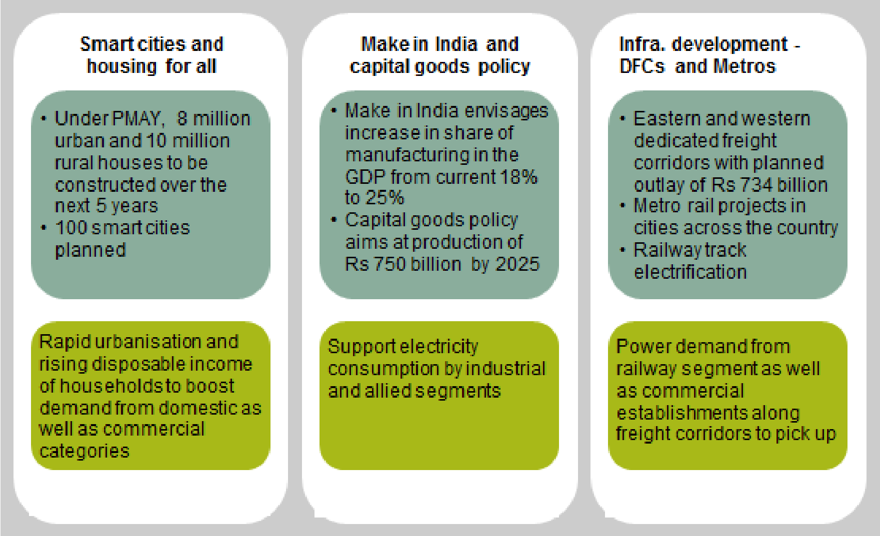


Source: CRISIL Research

Gradual pick-up in GDP growth and infrastructure development to support power demand

India's economy is expected to recover slowly post fiscal 2021, with a gradual pick-up in industrial growth over the subsequent four years. Trickle-down effect of the Aatma Nirbhar Bharat relief package, government spending on infrastructure through the National Infrastructure Pipeline (NIP), dedicated freight corridor (DFC) infrastructure, service industry expansion, rapid urbanisation, and increased farm income from agri-related reforms are key macroeconomic factors, which will aid a pickup.

Snapshot of infrastructure development projects



Source: Industry Publications, CRISIL Research

Various government initiatives, such as Make in India, Smart Cities Mission, dedicated freight corridors, metro rail projects and railway track electrification, are expected to boost infrastructural development in the country, albeit in the medium to long term.

T&D network augmentation to support demand growth

With the government's focus on alleviating congestion, transmission capacities are expected to witness robust growth. About 330-350 giga volt ampere (GVA) transformation capacity (above 220 kV level) is expected to be added between fiscals 2021 and fiscal 2025 to reach cumulative transformation capacity of 1,300-1,350 GVA by fiscal 2025.

In particular, CRISIL Research expect robust growth in high voltage (HV) lines of 400 kV and 765 kV, due to its importance in inter-state transmission lines.

Ultra-high capacity green energy corridors with expected investments worth Rs 430 billion

Thus, higher investments are expected in the transmission segment over the next five years (fiscal 2021-2025) in the range of Rs 3-4.0 trillion compared with Rs 3.0-3.2 trillion invested over the past five years. This would result in the widening of the transmission network, higher grid availability and improved power supply to all regions. Thus, the expected improvement in T&D infrastructure, coupled with agricultural feeder separation and extensive rural electrification under the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) will drive power demand upwards over the next five years (fiscal 2021-2025).

Per-capita consumption to rise due to improved access to electricity

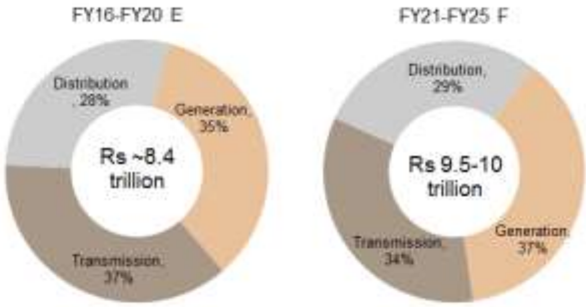
Electricity consumption per person rose from 1,010 kWh in fiscal 2015 to 1,181 kWh in fiscal 2019, largely due to strengthening of the T&D network along with large capacity additions over the period. However, per-capita consumption dipped to 1,148 kWh in fiscal 2020, as power demand growth slowed down, registering a CAGR of 2.6% for the past five years. T&D network expansion reduced the deficit levels as well as added the hitherto unconnected areas to the electricity grid, providing electricity to more households and commercial and industrial establishments. India's per-capita electricity consumption is expected to grow at a relatively lower CAGR of 2-2.5% between fiscals 2021 and 2025, primarily due to the decline in power demand in fiscal 2021. Per-capita consumption is expected to gradually improve in the long term, as power demand picks up, due to the improvement in access to electricity in terms of quality and reliability because of intensive rural electrification and reduction in cost of power supply, resulting in realisation of latent demand from the residential segment. Consequently, CRISIL Research expects per-capita electricity consumption to reach 1,270-1,320 kWh by fiscal 2025.

Investments to be focused on the T&D segment

CRISIL Research projects investments of Rs 9.5-10 trillion in the power sector over the next five years (fiscal 2021-2025). The share of generation, transmission, and distributions segments over the forecast period is expected to remain largely unchanged, with similar investments across the segments.

Investments in the generation segment are expected to remain stable in the 35-37% range, despite lower capacity additions, majorly due to higher nuclear capacities likely to be commissioned over the next five years, which are costlier on a per MW basis. Investments in distribution are likely to be subdued in the short-to-medium term because of ongoing financial stress among state utilities.

Segment-wise break-up of total investments



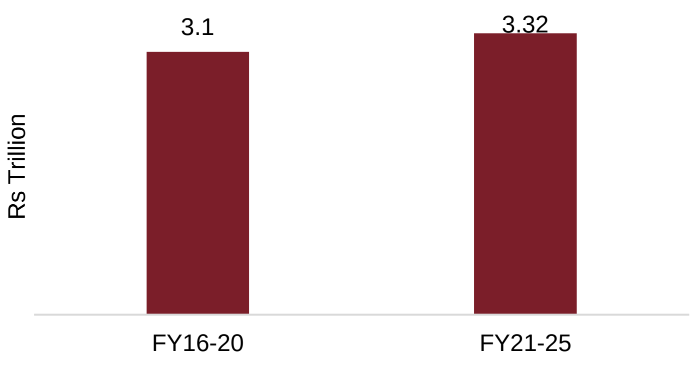
Source: CRISIL Research

In the 13th Five-Year Plan (fiscals 2018 to 2022), the Ministry of Power has increased its focus on the T&D segments through higher budgetary allocations, coupled with targets set under the UDAY scheme (ended March 2019). Though UDAY has ended in March 2019, state utilities were able to bring down aggregate AT&C losses from ~21% as of March 2016 to ~18-19% as on March 2020 (estimated). However, post-UDAY, it is estimated that AT&C losses have again started to rise (~27% as of June 2020), though the government is looking at longer-term structural measures to mitigate the same. As a result, investments in the T&D segments are expected to witness healthy growth over the next five years.

Transmission segment investments to rise to Rs ~3.3 trillion over the next five years

To service a large generation installed base, the estimated investment in the transmission sector is expected to be ~Rs 3.3 trillion over the next five years. Investments in the sector are expected to be driven by the need for a robust and reliable transmission system to support continued generation additions and the strong push to the renewable energy sector as well as rural electrification. Also, strong execution capability, coupled with healthy financials of PGCIL, will drive investments. Moreover, rising private sector participation with favourable risk-return profile of transmission projects will also support growth in investments. Transmission investments could slow down in fiscal 2021 due to Covid-19 pandemic, but are expected to rebound strongly in the subsequent years.

Expected investments in transmission sector (2016-20 to 2021-25P)



Source: CEA, Planning Commission, CRISIL Research

Casting in power transmission

Industry to witness a decline in fiscal 2021; gradual pick-up expected from fiscal 2022

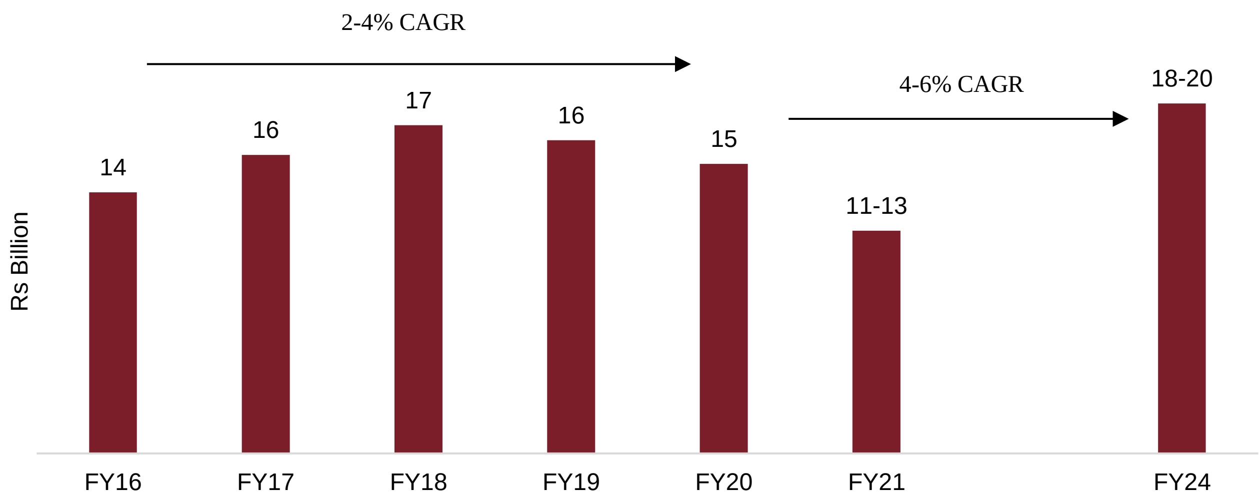
Housing of transformer core, circuit breakers of switchgears and casings of GIS substation are casted using ferrous and non-ferrous material. Aluminium casted housing/ bus bars in switchgears are preferred in GIS, due to aluminium's non-corrosive and light-weight properties.

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 at 2-4% CAGR over fiscals 2016 to 2020 to Rs 15 billion. There was some drop in investments in fiscal 2020 amid the economic slowdown. During fiscal 2021, pandemic decelerated overall economic growth and pulled investment levels further down. The drop in investment is expected to impact demand in the casting industry for the year. CRISIL Research expects a ~20% drop in industrial castings market in fiscal 2021 to Rs 11-13 billion.

However, investments are expected to rebound from fiscal 2022, supporting demand in the casting industry. The Industry is expected to reach Rs 18-20 billion, clocking a 4-6% CAGR during fiscals 2020 to 2024.

Industrial castings used in power transmission – demand outlook



Source: CRISIL Research

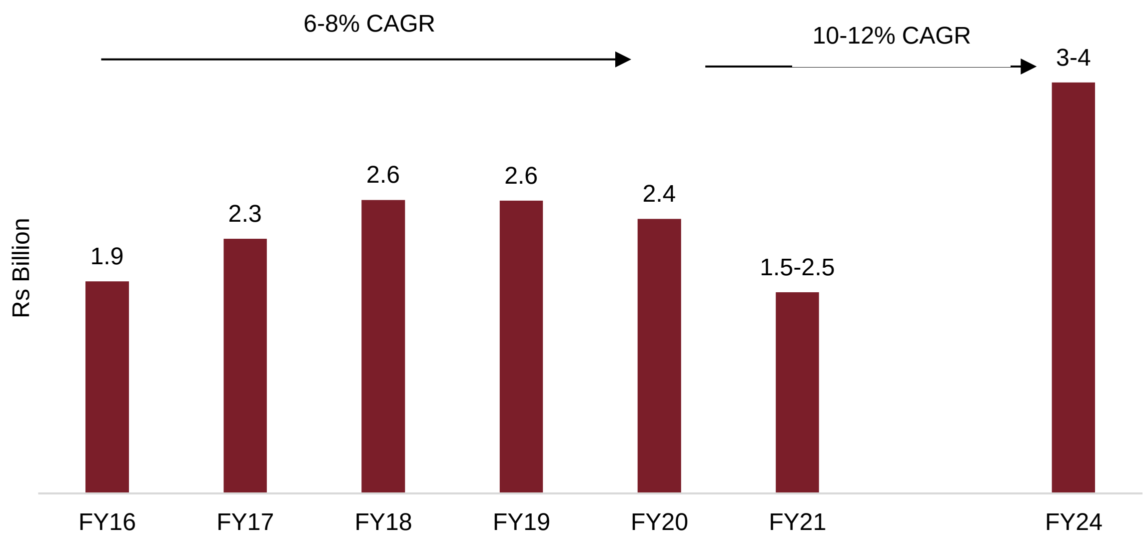
Increasing preference for GIS switchgears

Currently around 20-25% of the transmission substation switchgears are gas-insulated. The share of GIS switchgears is expected to rise further to ~30% by fiscal 2024. Although GIS equipment are costlier than AIS equipment, considering the overall life-cycle costs, including running and maintenance costs, GIS equipment are less expensive than the alternatives. Moreover, these GIS switchgears offer much superior performance.

With the rapidly increasing urbanisation, rising per-capita power consumption and growing space constraints, GIS switchgears would be the preferred option due to their compact size. Additionally, a rise in the contribution of renewable energy in power consumption will provide an additional kicker to growing GIS demand.

GIS-based casting demand grew at a 6-8% CAGR over fiscals 2016 to 2020 to Rs 2.4 billion in value terms. Demand for GIS based castings is expected to accelerate at a 10-12% CAGR to Rs 3-4 billion by fiscal 2024. Demand for GIS in volume terms will be higher in the MV segment, driven by the private sector, while high-value GIS substations in the HV and EHV segments will be driven by the Central and state government transmission companies.

Casting for gas-insulated switchgears – demand outlook



Source: CRISIL Research

Key Players

Financial performance of select aluminium casting players

Company	Company	Unit	FY19	FY18	FY17
Alicon Castalloy Ltd (Standalone)	Revenue	Rs million	10835.2	9372.1	7147.8
	PAT	Rs million	495.9	361.7	233
Vee J Pee Aluminum Foundry Pvt Ltd (Standalone)	Revenue	Rs million	NA	281.6	233.6
	PAT	Rs million	NA	(21.7)	1.77
Amar Founders Pvt. Ltd. (Standalone)	Revenue	Rs million	10.7	10.1	10.8
	PAT	Rs million	0.12	0.21	0.22
Daichi overseas private limited (Standalone)	Revenue	Rs million	261.5	250.8	226
	PAT	Rs million	3.52	5.78	4.96
Alutech Foundry India (P) Ltd (Standalone)	Revenue	Rs million	271.9	238.8	178.6
	PAT	Rs million	9.02	15.7	7.7

Note: PAT – profit after tax, FY20 data for unlisted companies is not available
Source: Ministry of corporate affairs, CRISIL Research

REVIEW AND OUTLOOK ON MATERIAL HANDLING EQUIPMENT (CRANES AND HOISTS) IN INDIA

Introduction

Material handling equipment (MHE) are machines that enable movement and storage of materials within a facility or site. Based on the weight of the materials carried, MHE can be classified as:

(i) 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)
(ii) Transport loose bulk materials such as iron ore, coal and cereals

MHE include equipment such as feeders, conveyor belts, screens, crushers and gears, etc., used for sorting, moving or positioning materials.

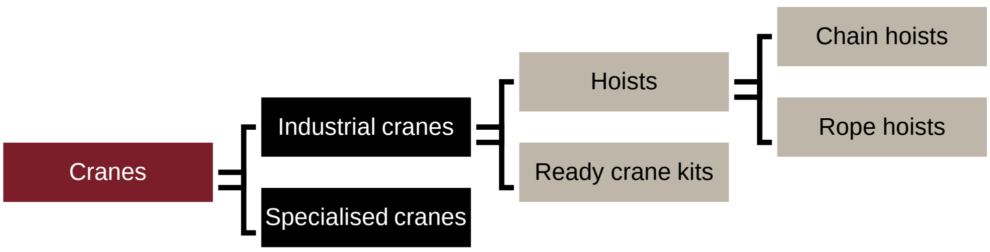
Industry structure – cranes (and hoists)

A crane is a large machine used to move, lift and lower objects through a projected arm. Cranes are generally equipped with chain hoists, wires, ropes, beams, etc., for material handling requirement. Industrial cranes, which are used in general material handling and manufacturing, comprise overhead (including electric) and mobile cranes.

Industrial cranes can be used for various purposes and provide cost economies in material handling. Some of the typical uses include: heaping, loading-unloading, shifting, repositioning and erecting material. Other large cranes, such as rough terrain, crawler, and tower cranes, are used in heavy duty work.

A 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. A few 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 tonne), 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



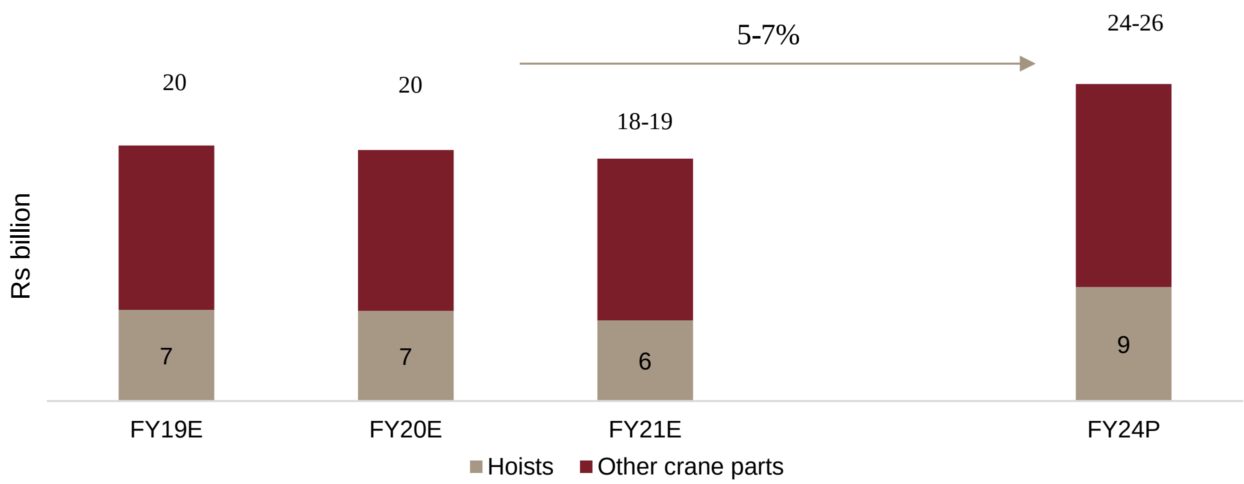
Source: Industry, CRISIL Research

Market size

Industrial cranes are sold by crane makers who buy crane parts such hoist, wheel blocks, LT panels, etc. separately, assemble them to form a complete structure and sell. Hoists cost 30-40% of the overall crane pricing. They are sold through dealers, which include crane makers, annual maintenance contract /replacement dealers. The life of a hoist is 3-5 years, after which it is generally replaced by the end users. This is facilitated by hoist dealers. Some 30-35% of annual sales of hoists is on account of replacement demand, while the rest is for manufacturing of new cranes.

According to CRISIL estimates, the hoist market in India was Rs 6-8 billion as of fiscal 2020. Among hoists, chain hoists account for ~Rs 1-2 billion (one-fourth, in value terms), while rope hoists account for ~Rs 5-6 billion (three-fourths). Unit-wise requirement of chain hoists is higher as they have a lower replacement cycle (3-5 years), compared with rope hoists (and ready crane kits), which are usually replaced after 5-7 years.

Market for cranes (and hoists)



Source: Industry, CRISIL Research

Amid the economic slowdown during fiscal 2020, demand for the underlying industries were hit, impacting the demand for cranes. Demand volumes dropped 2-4% on-year, restricting the growth in the overall market.

Furthermore, the Covid-19 pandemic has hit major end-user sectors hard during the first half of fiscal 2021. In turn, CRISIL Research expect the demand for cranes to shrink 5-7% in fiscal 2021, pulling the industry down to Rs 18-19 billion.

Going ahead, with an expected improvement in the economy, as well as gradual demand improvement in underlying segments, CRISIL Research expect the industry to reach Rs 24-26 billion by fiscal 2024, growing at a compound annual growth rate (CAGR) of 5-7% between fiscals 2020 and 2024. This growth is expected to be fuelled by continued investments in the end user segments, and in turn, capacity expansion by players to cater to the sustained demand growth in the underlying industries.

Growth drivers

Pick up in key end user sectors to support growth

Industry segments	CAGR (%) (FY20-FY24P)	Growth drivers
Automobiles		
Cars & utility vehicles	5-7	Improvement in economy, new launches, and financier support to back passenger vehicle growth
Commercial vehicles	5-7	Healthy industrial growth and focus on infrastructure and mining
Tractors	4-6	Normal monsoon and government support
Two wheelers	1-3	Rural/ Semi urban markets to steer long term growth, but Covid 19 disruption to pose a speed breaker in FY21
Metals		
Steel	1-2	Affordable housing and infrastructure projects to back steel demand Growth in ferrous castings, driven by auto and pipes sector
Aluminium & alumina	2-3	Investments in power transmission and distribution sector and automobile demand
Power	3-5	Economic growth recovery, expansion in reach

Note: Growth rates are for domestic industry
Source: Industry, CRISIL Research

Key Players

Summary of financials for key players

Company	Company	Unit	FY19	FY18	FY17
Hercules Hoists Ltd (Standalone)	Revenue	Rs million	1119	853	848
	PAT	Rs million	128	98	80
Grip Engineers Pvt Ltd (Standalone)	Revenue	Rs million	517	511	458
	PAT	Rs million	0.7	3.7	5.3
Sparkline Equipment Pvt Ltd (Standalone)	Revenue	Rs million	836	554	457
	PAT	Rs million	7.8	2.9	3.1
MM Engineers Pvt Ltd (Standalone)	Revenue	Rs million	NA	284.7	217.2
	PAT	Rs million	NA	1.9	4.6

Note: PAT – profit after tax, FY20 data for unlisted companies is not available
Source: Ministry of corporate affairs, Rating rationales, Company website, CRISIL Research

REVIEW AND OUTLOOK ON STORAGE SOLUTIONS MARKET FOCUSING ON RACKS, SHELVES AND PALLETS USED IN THE WAREHOUSING INDUSTRY

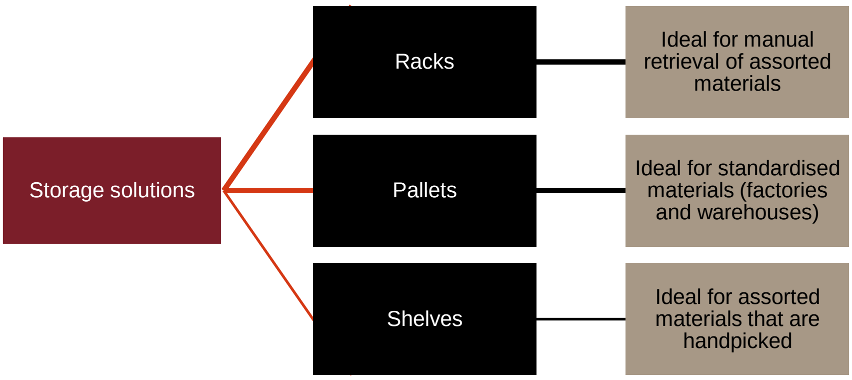
Introduction

The storage solutions industry broadly comprises pallets, racking solutions and shelving solutions.

Shelving solutions are ideal for storage of assorted materials that are handpicked. Palletised racking solutions are ideal wherein huge volumes of standard-type products are produced, stored, retrieved and distributed in and out of manufacturing units or warehouses. Pallet Racks provide for manual as well as automated Storage & Retrieval

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

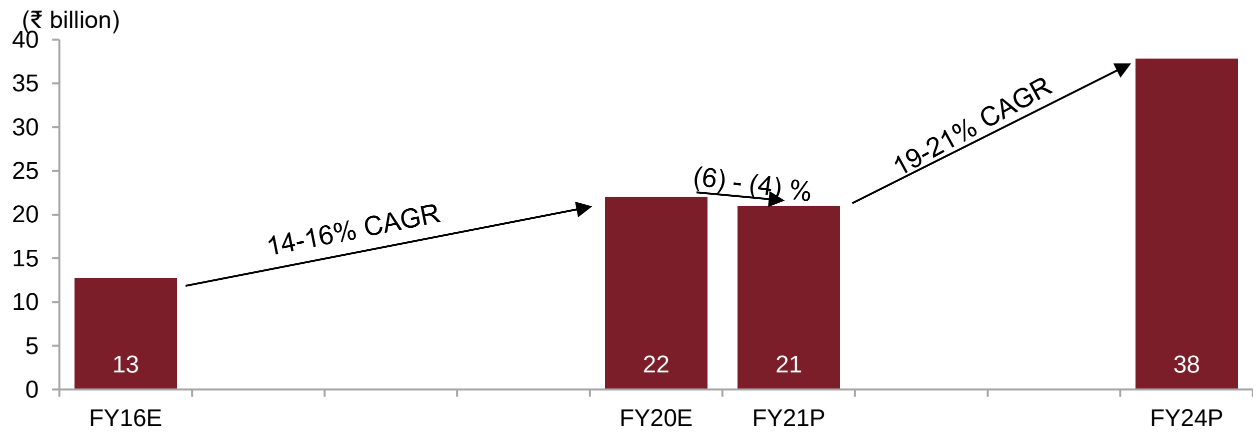
Market size

Goods and Services Tax (GST) implementation and growth across end-user industries to provide a boost to storage solutions market

Pallet racking is an essential component of modern warehousing, manufacturing, retailing and other storage systems. Pallet racks enable storage of materials on pallets, which are easier to use vis-à-vis manual operations. Usage of pallets also makes loading and unloading convenient through the use of forklifts, and other material handling equipment, which reduces time and improves efficiency.

The market sizing of the organized storage solutions industry, comprising pallets, racking and shelving, is estimated at ₹22 billion as of fiscal 2020. The industry grew at a compound annual growth rate (CAGR) of 14-16% over fiscals 2016 to 2020. CRISIL Research forecasts the industry to marginally decline in fiscal 2021 on account of disruptions due to the Covid-19 pandemic and the resulting impact on the supply chains of Indian industries. Although going ahead CRISIL Research expects the industry to log 19-21% CAGR over the next three years to reach ₹38 billion in fiscal 2024 from ₹21 billion in fiscal 2021, on account of incremental ambient warehouse addition and rise in the share of organised warehousing players due to GST implementation.

Market size and outlook of the organized storage solutions industry in India



Source: Industry, CRISIL Research

In addition to ambient warehousing industry, the growth in storage solutions is defined by end-user industries such as e-commerce, organised retailing, consumer durables, auto components and pharmaceuticals as well as cold storage industries.

Increasing formalisation in warehousing to be a boon for Indian storage solution players

Use of pallet racks, coupled with mechanised retrieval equipment or systems, also allows in optimising space in warehouses. For instance, standard forklifts can lift up to 10-15 ft, while turret trucks can lift more than 30-40 ft. High pallet racks can be installed at warehouses along with these equipment, which can improve the space utilisation in warehouses.

The pallet racking and shelving market is highly correlated with the level of organisation in the warehousing and manufacturing industry. With increased formalisation, advent of third-party logistics (3PL) and entry of global players in warehousing space, the pallet racking and shelving market will accordingly increase. Other enablers for modern storage solutions such as mezzanine, compactors and goods lift, will also get a boost through the same.

Market characteristics

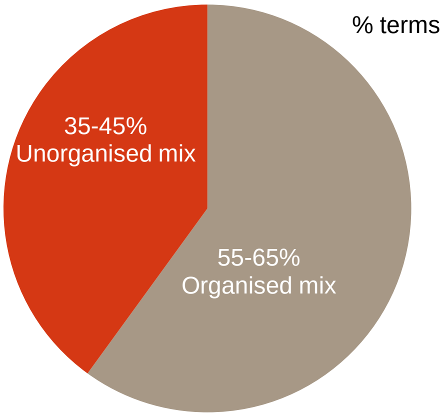
Provided below is the market breakup for the storage solutions industry across different parameters.

Organised vs unorganised

Share of organised players is expected to increase over the next three years on account of requirement of customised products. However, the slotted angle racking and multi-tier racking systems witness intense competition due to the large presence of unorganised players.

Different types of storage solutions are used across factories, warehouses, offices, hospitals, libraries, research and development centres, banks, defence establishments and retail centres. Depending on the segment's requirement, various types of storage solutions such as automated storage and retrieval system (AS/RS) racking, very narrow aisle racking, multi-deep radio shuttle racking, motorised mobile racking, gravity flow racking, drive in racking, heavy duty pallet racking, mezzanine floor, long span shelving systems, slotted angle racking, mobile compactors, cable drum racking and steel pallets are used.

Organised players' share under storage solutions (FY20E)

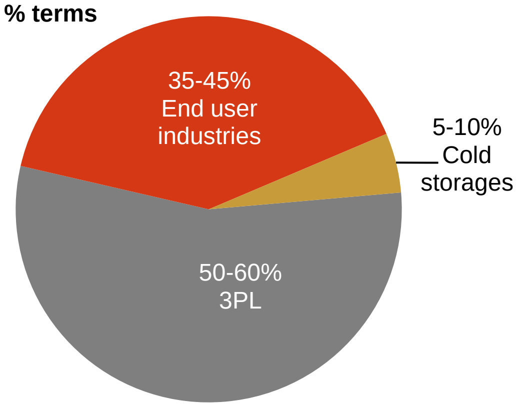


Source: Industry, CRISIL Research

Usage: End users

Among the users of storage solutions, warehousing and 3PL players occupy the majority share. 3PL applications typically comprise of ambient industrial warehouses, which exclude captive warehouses.

Share across end users (FY20E)



Source: Industry, CRISIL Research

Usage: Type of solutions

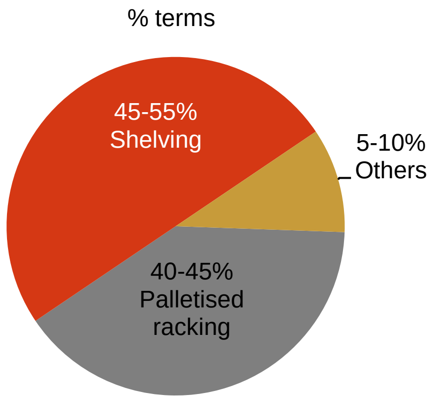
Shelving solutions are ideal for storage of assorted materials that are handpicked. The solutions can be customised for light to medium weight materials that are voluminous in nature. Shelving solutions are used across engineering and retail (supermarkets, apparels, etc) warehouses; in hospitals, hotels, banks, and financial institutions; and in automobiles, logistics and record and data management sectors.

Typically, static shelving systems are used as they are inexpensive to purchase and install compared with mobile shelving. But static shelving is less feasible in case of space constraints, while mobile shelving can be adapted to customised requirements. Static shelves are usually very strong and have high load bearing capacity.

Palletised racking solutions are ideal wherein huge volumes of standard-type products are produced, stored, retrieved, and distributed in and out of manufacturing units or warehouses, for instance, fast moving consumer goods (FMCG) industries (like pharma, bulk drugs, beverages, foodstuff and electronic products). Hence, 3PL 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 3PL 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 (FY20E)



Note: Others include mezzanine flooring, wooden pallets, etc.
Source: Industry, CRISIL Research

AS/RS solutions

AS / RS racking is gaining prominence on account of the following:

- AS / RS can be used across consolidated and modernised warehouses. It is based on computer-controlled methods for automatically placing and retrieving loads from specific storage locations
- AS / RS is typically used in applications involving moving very high volume of loads 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 client requirements, which unorganised players are not capable of. Hence, organised players are growing faster on account of higher realisation, better product and client mix, and larger volume.

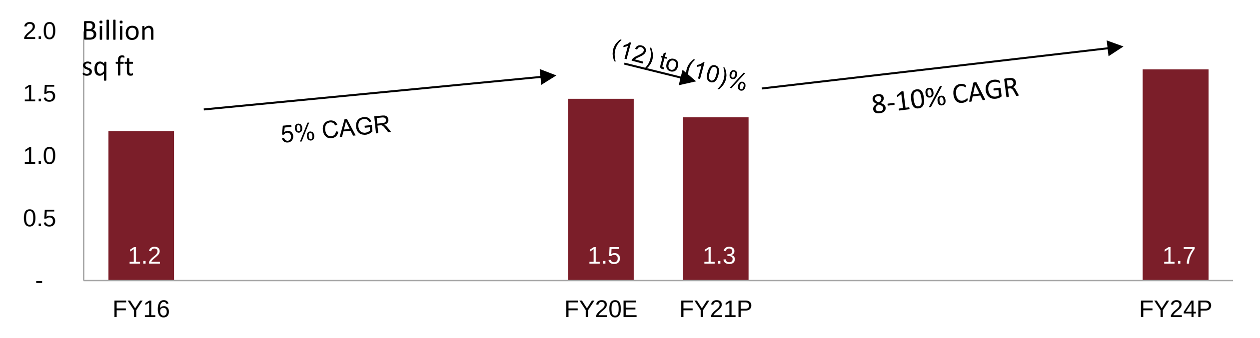
Growth drivers

Warehousing industry

Warehousing industry to see high single-digit growth starting next year

Warehousing (captive and 3PL warehouses) occupies more than 50% share of the storage solutions industry. After a sharp drop of (12) to (10) % in fiscal 2021 in industrial warehousing demand due to Covid-19 led disruptions, CRISIL Research expects industrial warehousing to log 8-10% CAGR in volume terms over fiscals 2021 to 2024 and reach 1.7 billion sq. ft from 1.3 billion sq. ft. Organised industrial warehousing players are expected to grow at a faster pace in value terms as end users capitalise on the synergies created by GST implementation.

Industrial warehousing to grow at 8-10% CAGR



Source: Industry, CRISIL Research

Palletised racking demand under storage solutions to lead growth

Going forward, over fiscals 2020 to 2024, CRISIL Research anticipate the mix between shelving and palletised racking to remain broadly similar, as strong growth in end-user industries would drive growth in both these segments.

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 the next three years. E-retail industry is expected to clock 17-22% CAGR during fiscals 2020 to 2023, whereas the organised retailing industry (physical platform) is likely to grow at 4-6% CAGR.

Growth in racking solutions is largely driven by 3PL players, which CRISIL Research estimates to have grown at 12-14% CAGR from fiscals 2017 to 2020.

End-user industries – Growth

Industry	FY17-FY20 growth	Outlook
E-retail	~30%	CRISIL Research projects the Indian e-commerce sector to clock 17-22% CAGR between FY20 and FY23. Consumption slowdown following the Covid-19 pandemic will impact demand in FY21, especially in the first quarter. While CRISIL Research

Industry	FY17-FY20 growth	Outlook
		can witness slower growth in low single digit in FY21, CRISIL Research expect growth to bounce back in the medium term
Organised retail (physical)	~19%	The organised retailing industry is expected to grow at a lower 8-10% during FY20 to FY24 on account of a significant decline in FY21. However, post FY21, the sector will grow on the back of new store rollouts, increased penetration in Tier 2 and 3 cities and increasing disposable income. GST implementation is also expected to bear fruit in the long term to drive market share gain for organised players
3PL	12-14%	Increasing formalisation in the logistics market, including warehousing and transportation, is expected to aid this segment to grow at double digit levels in the near to medium term

Source: Industry, CRISIL Research

Low rental rates and good connectivity to consumption centres to prevent any shift in key hubs post Covid-19 in the near term

CRISIL Research's analysis indicates that the GST implementation had led to consolidation of the warehousing sector, driven by the consumer durables and FMCG industries. Post GST, companies are realigning their supply chains for market efficiencies, and not for tax efficiencies anymore. Large format, technology-enabled warehouses are preferred by corporates, leading to multi-user spaces with cost and scale efficiencies for 3PL players, who also provide value-added services.

GST has triggered the consolidation of fragmented warehousing operations into fewer and larger warehouses. Advances in technology, particularly automation, are pushing up the need for end-to-end logistics services. As a result, the Indian warehousing segment is witnessing a favourable structural shift with a rise in demand for modern warehousing.

CRISIL Research's interactions with market participants indicate that GST-led consolidation has been adopted by 70-75% of consumer durable players, which led to a reduction of 15-20% in the number of warehouses required with the smaller unorganised warehoused being hit harder. Players closed down captive warehouses/ distribution centres in cities and now store products in mother hubs outside consumption centres. Lower rentals on the outskirts have led to a 40-50% reduction in warehousing cost.

While some players have completely transformed their supply chain to benefit from the GST, some players are executing it in phases and are yet to complete the transition and/or waiting to learn from other players who have executed the same.

Consolidation of warehouses has occurred across the distribution leg of the value chain, where players have decreased the number of small warehouses. Also, players in the consumer durables industry have started incentivising large traders who take direct delivery from manufacturing, further reducing the need for warehousing space.

Maximum consolidation has been estimated in the consumer durables space, followed by FMCG, owing to the higher turnaround time (TAT) of ~48 hours for the former, in comparison with 24 hours for the latter.

In the FMCG sector, though, consolidation has been slower, as FMCG players continue to operate close to consumption centres, as they did in the pre-GST era, due to the of need for on-shelf availability and lower TAT. Industry participants indicated that FMCG players are maintaining close to 50% active inventory at their distribution legs in order to service demand. Full potential of GST consolidation has not yet been realised due to infrastructure bottlenecks.

Players across segments have witnessed a 15-20% reduction in inventory days and similar reduction in transportation time post-GST.

Consumer durables witnessed bulk of the consolidation, followed by FMCG

Parameters	Reduction in cost	Reduction in no of warehouses
Consumer durables	40-50%	50-60%
FMCG	10-15%	15-20%

Source: CRISIL Research

However, with the economic slowdown caused by the pandemic and subsequent lockdowns resulting in lower consumer discretionary spend, the consumer durables industry has been one of the hardest hit and is expected to witness a decline of 15-17% in terms of volume, in turn pulling down warehousing demand from the same in fiscal 2021.

Multi-modal logistics parks (MMLPs) – An opportunity for organised players

MMLP refers to a hub providing integrated logistics facilities with mechanised handling and inventory management. However, there is no regulatory definition for MMLP in India yet.

MMLPs are being designed to act as one-stop solutions with facilities such as customs clearance services, warehouses, cold storage, vehicle parking, and other value-added services.

At present, MMLPs are planned at numerous locations across the country by different ministries. The development of MMLPs was initially proposed by the Ministry of Railways along dedicated freight corridors (DFCs) in 2009. Following suit, 15 MMLPs were announced by the Ministry of Shipping under Sagarmala and 35 MMLPs by the Ministry of Road Transport and Highways under Bharatmala in 2015.

However, on-ground execution of the project has been slow. MMLPs suffers from issues such as lack of standard definition and involvement of multiple ministries.

To reduce the gap between planning and execution, the government has suggested creation of a MMLP authority in its National Draft Logistics Policy. This centralised agency will oversee the planning and development of these parks.

As per the project guidelines, the land to develop MMLPs is to be provided by the respective state governments, while the connecting rail, port and railway connectivity will be ensured by the respective ministries. Private players such as 3PL players or logistics service providers have been invited to develop and operate the infrastructure, which could act as an opportunity for expansion of organised players.

Infrastructure and tax reforms

Government support for infrastructure and tax reforms among other growth drivers for industry

Source: Industry, CRISIL Research
Note: FMCD: Fast Moving Consumer Durables

- Many businesses have already been revisiting their supply chain decisions post-GST implementation. This may give a major impetus to the logistics industry at the pan-India level. Many companies are expected to migrate from the current strategy of ‘multiple warehousing’ to the ‘hub-and-spoke’ model as tax treatment across India will be the 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 focus 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

- The government’s infrastructure initiatives such as DFCs and industrial corridors across India will support the warehousing requirement across key locations.

  - The development of various industrial corridors such Delhi-Mumbai, Bengaluru-Chennai, Mumbai-Bengaluru, Amritsar-Kolkata and Vizag-Chennai will help build an efficient industrial infrastructure and logistics ecosystem across key warehousing locations

  - For instance, the development of a DFC from Vasai in Mumbai to Dadri in Uttar Pradesh will support existing warehousing locations such as Mumbai and NCR. Dadri is within 50-100 km from Ghaziabad and Gurgaon, key warehousing locations across NCR.

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 share in volume terms. However, GST implementation will increase the share of organised players in the medium term. Organised players largely develop pre-engineered building warehouses and provide value-added services, which fetch higher rentals, compared to the offerings by 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 DFCs to facilitate the cargo movement across the country, as majority freight movement in the country is undertaken via road. Development of industrial corridors is expected to enable proper road infrastructure such as four lanes and lanes to reduce the transit time. Moreover, lack of skilled manpower in the industry poses a challenge as there are no additional incentives for the labour.

E-retail to clock CAGR of 17-22% in medium term

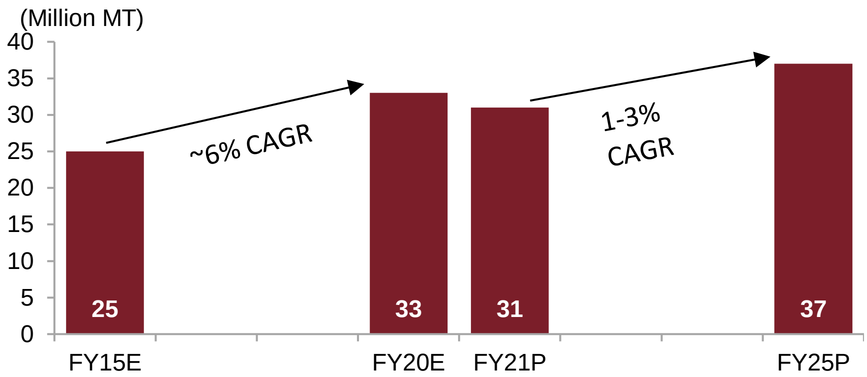
CRISIL Research projects the Indian e-commerce sector to clock 17-22% CAGR between fiscals 2020 and 2023. Consumption slowdown following the pandemic will impact demand in fiscal 2021, especially in the first quarter. While the sector can witness slower growth in low single digit in fiscal 2021, CRISIL Research expect growth to bounce back in the medium term.

Cold storage

TCW demand to propel over next 3-4 years

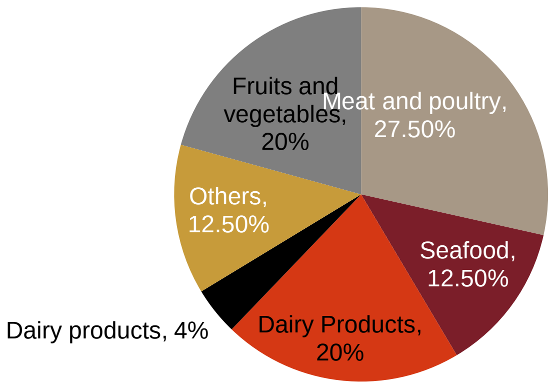
Going forward, the cold chain industry is expected to log 1-3% CAGR (in volume terms) to reach ~37 MT by fiscal 2025, driven by 6-8% CAGR growth in multipurpose cold storage volume, which accounts for ~33% of the total TCW volume, at present. In the long run, demand will be driven by dairy products, pharmaceuticals, fruits and vegetables, and growth of quick service restaurants. Export of meat and seafood too will keep demand buoyant. Within the multipurpose segment, organised players (accounting for less than 10% of the industry) are expected to grow faster as key end-user segments prefer them owing to stringent quality requirements and regulations.

Growth in TCW segment to dip in FY21 amid the pandemic; recovery to be gradual



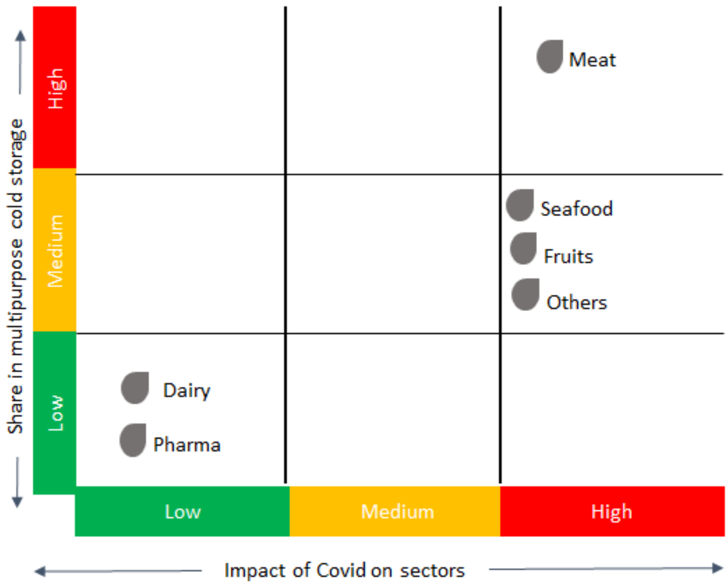
Source: CRISIL Research

Key commodities stored in organised multipurpose cold storages (FY20E)



Source: CRISIL Research

Dipping end user demand to result in fall in TCW (multipurpose) demand



Multi-commodity cold storages to gradually gain volume share

Note: Multipurpose cold storages are where potatoes, fruits and vegetables, meat, fish, etc, can be stored at the same time.
Source: Industry, CRISIL Research

Key Players

Key players include Nilkamal BITO Storage Systems Pvt Ltd (NBSL), Godrej and Boyce Manufacturing Company Ltd., Maximaa Systems Ltd., Mangal Industries Limited, and Armes Maini Storage Systems Pvt Ltd.

REVIEW AND OUTLOOK: DOMESTIC GEAR AND GEARBOX MARKET 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 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 numbers 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.

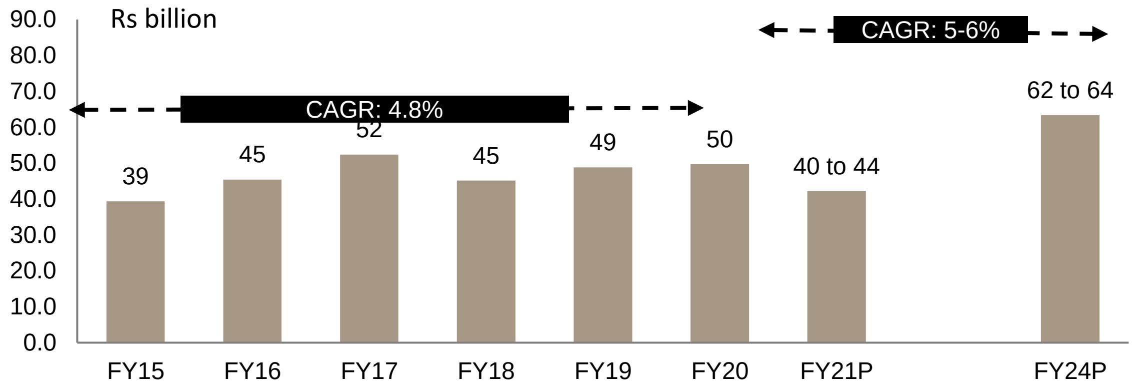
Gears are manufactured typically through a three-stage process: hobbing, hardening and grinding. Hobbing is a machining process for gear cutting, and cutting splines and sprockets on a hobbing machine. Hardening can be either through hardening or surface/ case hardening. In case of hardening, the surface of the gear is harder than 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.

Domestic industrial gear and gearbox market

Demand was lackluster up to fiscal 2018; to accelerate up to fiscal 2022

CRISIL Research estimates the domestic market for industrial gears and gearboxes to have clocked a compound annual growth rate (CAGR) of 4-5% from ~Rs 39 billion in fiscal 2015 to reach ~Rs 50 billion in 2020. CRISIL Research forecasts the domestic industrial gear and gearboxes market to record 5-6% CAGR over fiscals 2020-2024 to reach Rs 62-64 billion in fiscal 2024.

Domestic gears and gearboxes



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

Wind power projects, conventional sectors such as cement and steel are key end-users

In the past, demand for gears and gearboxes was driven by the execution of 16.6 GW of wind projects as well as Rs 2.04 trillion invested in the Indian Railways during fiscals 2015-2019. Demand from wind projects, in particular, picked up significantly between fiscals 2015 and 2020, owing to 56% jump in wind capacity addition in fiscal 2017.

Demand from conventional sectors such as power, steel, cement and mining remained low owing to lack of major capital expenditure (capex) investments over fiscals 2015-2020. Demand from thermal power dropped because of lack of new capacity additions because of a shift in the government's focus towards renewable energy sources such as wind and solar.

Contribution of wind power dropped in fiscals 2019 and 2020, due to slowdown in wind power capacity addition compared with robust wind capacity addition in fiscals 2016 and 2017. The wind sector's share in gear and gearboxes dropped from 25% in fiscal 2017 to ~13% in fiscal 2019 and 15% in fiscal 2020.

Conventional sectors (cement, heavy metals, power, and mining) collectively constituted 55-60% share in fiscal 2020. Share of the conventional sector rose in fiscal 2019, as a result of capacity additions in cement, steel and infrastructure segments. Other sectors such as railways, fertilizers, textiles, chemicals, printing, packaging, plastic, cranes, defence, etc. contributed the rest. Gears used in elevators, plastic extrusion, printing machines are estimated to account for 5-10% of the gear and gearboxes industry.

Intensity of gears and gearboxes differs across applications, depending on the processes and material handling requirements. For a given application, gearbox 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 (Rs million)
Cement	1 MTPA	48-53s
Steel	1 MTPA	30-35
Thermal power	1 MW	0.4-0.45
Sugar	1 TPH	25-28
Wind	10 MW	30-40

Source: CRISIL Research, industry

Application-wise domestic demand for gears and gearboxes in fiscal 2019 (Rs 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 to drive demand for gearboxes over fiscals 2020-2025. CRISIL Research expects wind power capacity additions over the period at 15-17 GW compared with 15 GW over fiscals 2014-2019.

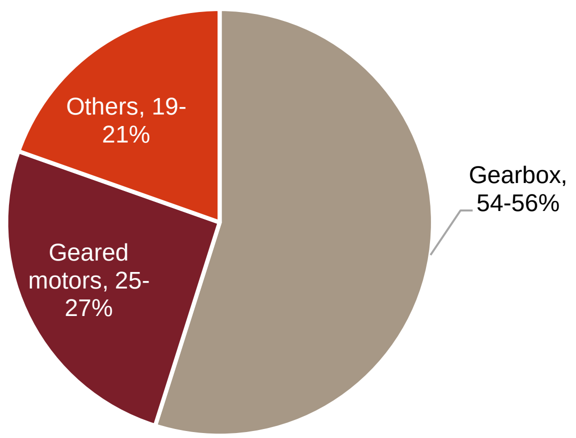
Demand for gears is expected to be robust from the material handling equipment required for slew of infrastructure projects including roads, metro construction, river-linking and railways over the forecast period. Demand from these sectors is expected to increase at 4-5% CAGR. In addition, increased mining activity is expected to support gear and gearbox demand over the forecast period.

Demand from new conventional power projects is expected to remain lackluster due to the shift in focus towards renewable energy till fiscal 2023. Demand from new steel and cement plants is expected to remain benign due to lesser pace of capacity additions over fiscals 2019-2023 compared with the past five years. However, investments in long steel products capacity and orders from the defence sector are expected to support demand for gear and gearboxes.

Geared motors outpace gearbox growth owing to convenience in commissioning

Gearboxes accounted for 54-56% of the total gears and gearboxes market in fiscal 2020, followed by geared motors with 24-26% share. The balance 19-21% belonged to loose gears, gear box housings and coupling products. Demand for geared motors increased at 8-10% CAGR and for gearboxes at 6-8% CAGR between fiscals 2015 and 2020. Geared motors have seen growing preference owing to 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 and textile machinery, and as a replacement product across all industrial applications.

Component-wise domestic demand for gears and gearboxes in fiscal 2020 (Rs 49.7 billion)



Source: CRISIL Research, industry

Helical/ bevel-helical gears dominate the market

Helical/ bevel-helical gears dominated demand for gears with 58-60% share in fiscal 2020, owing to its high efficiency and maintenance-friendly operation. These gears clocked 7-8% CAGR in the past 5 years, replacing worm gear applications.

Planetary gears account for 27-29% of demand, with wind, sugar, and material handling equipment as major applications. These gears clocked 7-9% CAGR between fiscals 2015 and 2020. 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 10-15% of the demand, with cranes, elevators, and escalators as major applications. This category has been losing share, de-growing because of its lower efficiency.

Over the forecast period, the worm gear market is expected to continue to de-grow at negative 6-8% CAGR due to higher efficiency of helical/ bevel helical and planetary gears. Helical/ bevel-helical gears are forecast to register 8-10% CAGR, whereas planetary gears are likely to post 11-13% 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 2020-2024, due to factors such as lack of economic viability, maintenance capability, durability and reliability.

Import substitution drives customised demand

Customised gears and gearboxes form 20-25% of 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 has driven demand in this segment. Wear and tear replacement of spares in imported machinery by industrial users is also a contributor. The share of customised gears in the gear and gearboxes market is, however, likely to remain stable over fiscals 2019-2023.

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

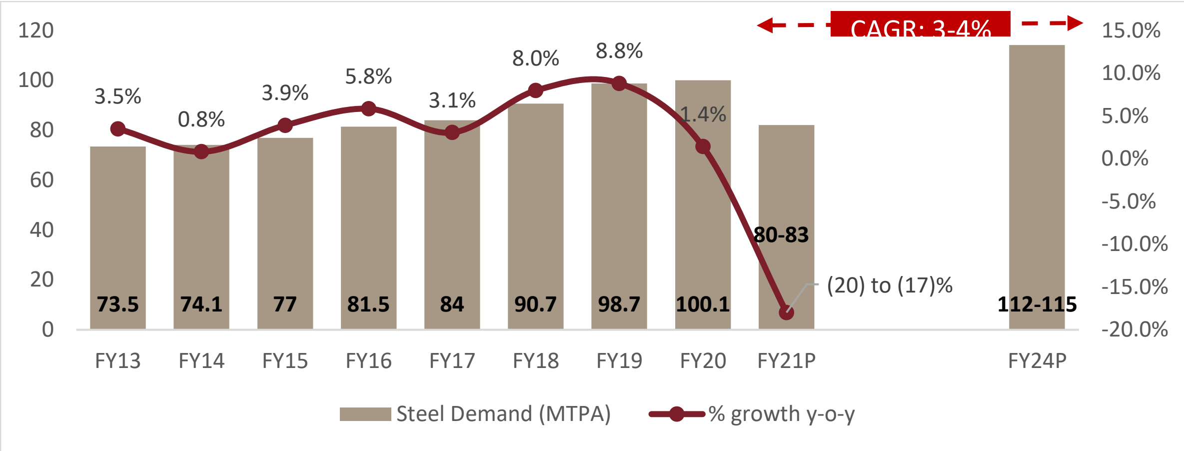
The market for gears and gearboxes is fairly organised and competitive, with the top 15 players commanding ~70% share. The unorganised segment accounts for 8-10% of demand, largely catering to loose gears demand in textiles and crane applications. Elecon Engineering, Premium Power Transmission, Shanthi 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.

Key drivers for Indian gear and gearbox markets

Steel sector demand to grow at subdued pace between fiscals 2020 and 2024

The domestic steel industry rose a moderate 1.4% on-year in fiscal 2020, supported by a 3.3% on-year rise in non-alloy steel demand. In contrast, alloy steel demand plunged ~21% on-year on account of declining automobile production. Also, demand for flat steel fell ~3% on-year, whereas that of long steel rose 5.5% on-year. The Covid-19 has created the perfect storm for an economy that was anticipating a mild recovery in fiscal 2021. Along with external factors, such as weak global demand, supply chain disruptions, and worldwide financial shocks, the economy has been buffeted by lockdowns, factory shutdowns, reduced discretionary spending, and delayed capex cycle. These are affecting construction activities and automobile production, and thereby, steel demand.

Year-wise steel demand trend



Source: JPC, CRISIL Research

Construction to continue dominating steel's end-use mix

Steel demand end-use mix

Steel demand from B&C accounts for 35-40% of the total steel demand. While, in the near term, B&C demand will be weak, with affordable housing being the only saviour, over the medium term, the housing market will see soft revival, led by rural housing, affordable housing, and commercialization of tier III/V cities. On the other hand, the real estate sector is expected to remain weak amid the pandemic. Growth in the industrial segment is also expected to be muted.

	Share of steel consumption	Growth in FY20	Growth in FY21P	Growth in FY22P
Building & construction	35-40%	(2)-0%	(20-25)%	8-10%
Infrastructure	25-30%	3-5%	(10-12)%	12-14%
Automotive	10%	(16-18)%	(20-25)%	17-19%

Source: CRISIL Research

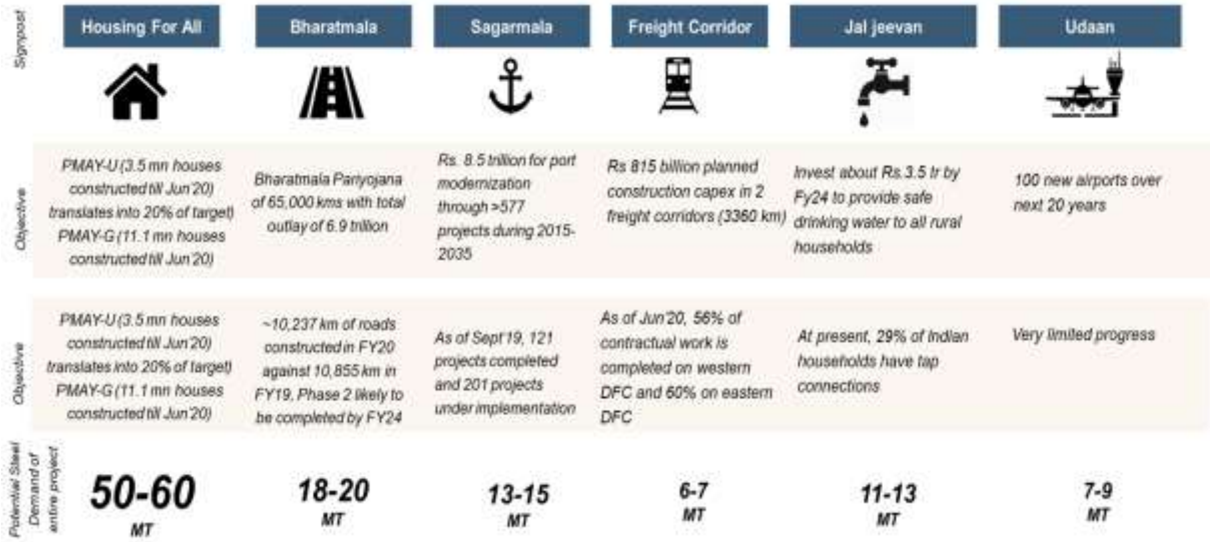
Over the long term, though, the prospects seem bright. The government has targeted 10-12 million urban and 29.5 million rural houses in seven years under the Pradhan Mantri Awas Yojana. Overall progress was 30% in urban housing as of March 2020, with 3.3 million houses constructed. In rural housing, 10 million, i.e. 65% of the target houses (second phase target of 16 million rural houses), have been completed.

Infrastructure segment to lead steel demand

The infrastructure segment is currently the second-largest segment, in terms of steel offtake, comprising 25-30% share in overall end-use mix. However, within infrastructure, the roads and highways sector is expected to take a mighty blow from the nationwide lockdown to contain the pandemic, which has pushed back a much-anticipated economic recovery this fiscal by bringing to a standstill movement of people and goods, and all major industries in the first quarter. While the government's announcement to restart work on all national highways is a step in the right direction, CRISIL Research's interactions with stakeholders indicate it will be some time before normalcy returns. Also, in fiscal 2021, execution is expected to decline on account of low awarding in fiscal 2020.

While fiscal 2021 will see declining progress in infrastructure activities, long term drivers remain intact.

Long term drivers intact



Among large players, planned expansions include Tata Steel's Kalinganagar plant by 5 MTPA as well as JSW Steel's Dolvi plant expansion of 5.7 MTPA along with Vijayanagar plant expansion of 6 MTPA by fiscal 2025. Also, while the NMDC greenfield project at Nagarnar, Chhattisgarh has been facing delays on account of issue with regard to statutory clearances, controversy on right use of water pipeline, skilled manpower availability, and delay in a package due to non-completion of other linked activities. It is expected to come on-stream by in 2022.

Vedanta is expected to add 1 million tonne of steel capacity at Electrosteel Steels by fiscal 2023, as well. However, there has been a delay in capex due to Covid-19. Further, several global steelmakers have been working with PSUs and domestic private players to set up joint ventures. Additionally, land parcels have been allocated to JSW for setting up a 12 MTPA steel plant. However, the project is in the planning stage and has not achieved significant progress.

The mentioned capacity additions exclude SAIL's RSP expansion of 6.8 MTPA, Kadapa Steel expansion, Electrosteel Steels plan of expanding to 7 MTPA (only 2.5 MTPA considered above), and Am/NS addition of 2-5 MTPA as these proposals are still in the planning stage.

Material handling equipment demand to stay near static till fiscal 2023

Demand for material handling equipment (MHE) is derived from capacity addition in key end-user segments, including automobiles, cement, mining (coal), oil and gas, petrochemicals, ports, power generation (coal), steel and warehousing, which comprise ~90% share.

MHE demand is estimated to remain range bound during fiscals 2020 to 2023, at Rs 1,100-1,150 billion, vis-à-vis Rs 1,145 billion between fiscals 2016 and 2019. Among the major contributors to MHE demand, demand is projected to slow down from the power generation, automobile and steel industries. In turn, capacity additions and investments in the MHE space are expected to slow down. A further weakening will be truncated by accelerating demand from the oil and gas, warehousing and cement industries.

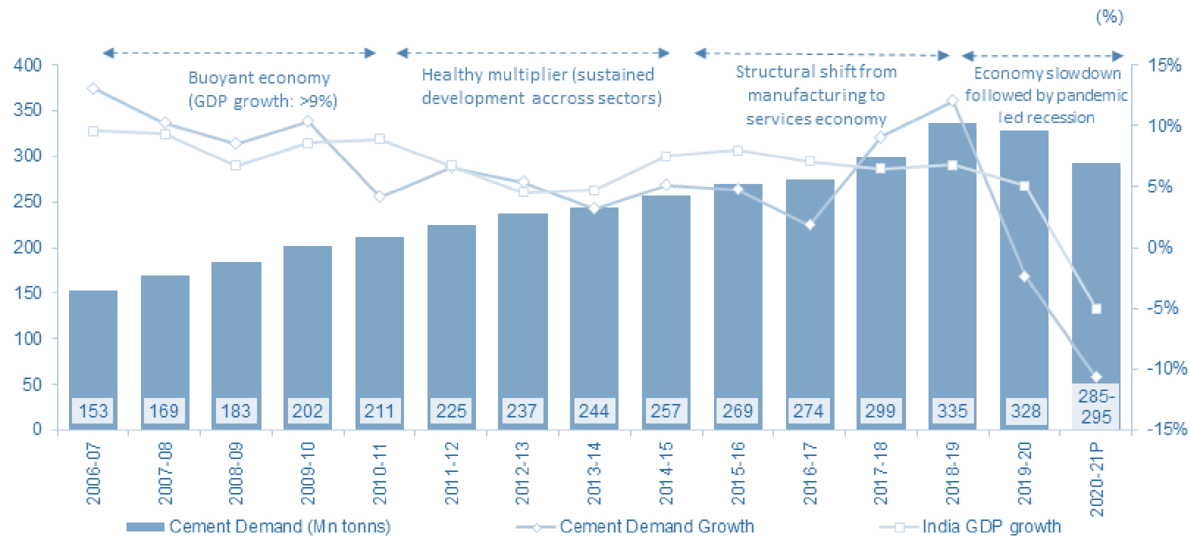
Cement sector growth

Infra investments and affordable & rural housing to drive cement demand till fiscal 2023

Cement demand to GDP multiple dropped to (0.5) in fiscal 2020 and slipped into negative territories for the first time because of demand falling 2% on-year coupled with the economic slowdown in fiscal 2020 with GDP growth pegged at ~4.2%. In fiscal 2021 as well, the cement-to-GDP multiplier is expected to deteriorate to (2-4) on back of pandemic-led demand slump, which is the lowest level in the last two decades. CRISIL sees India's GDP contracting 5% in fiscal 2021 due to the extended restrictions and lockdown, especially in states where Covid-19 cases are still rising; a normal monsoon that supports the kharif crop and agriculture incomes; softer crude oil prices; and limited fiscal support to prop up an immediate growth revival. Overall, risks remain tilted to the downside and will hinge on further extension in containment measures, slipping of economic growth and a sub-normal monsoon. Going forward, CRISIL Research expect the cement demand multiplier to replenish as cement demand revives from low levels.

In fiscal 2018, the cement demand to GDP multiplier rose to 1.4 post a subdued demand scenario during fiscals 2014 to 2017. In contrast, the cement industry was growing at a healthy rate of 1.2 times of GDP during fiscals 2007 to 2013 owing to healthy capital investments.

Cement demand - GDP growth trend

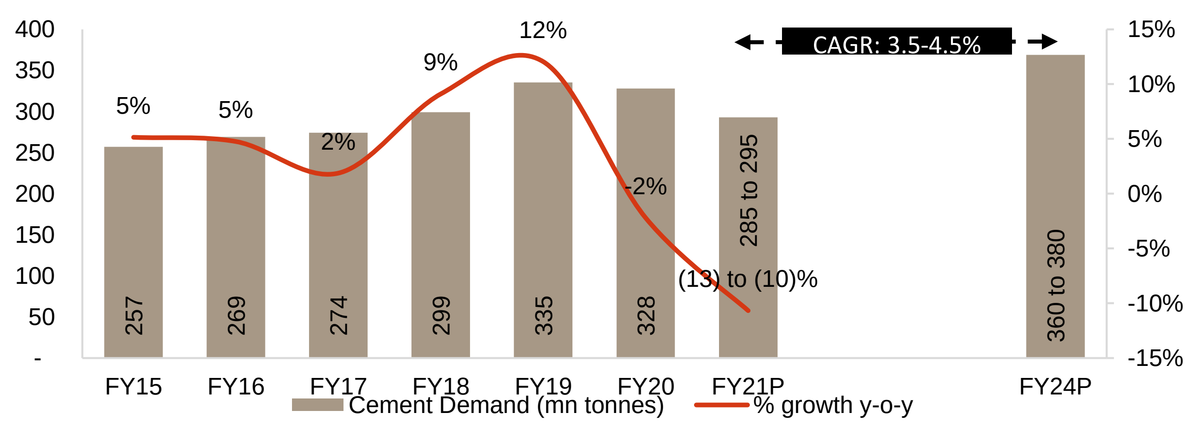


Source: CRISIL Research

The cement industry, after witnessing a healthy demand growth of ~12% in fiscal 2019, exhibited slowdown with decline of ~2% in fiscal 2020. Apart from the general economic slowdown, cement demand was sluggish during the first half of fiscal 2020, post the general elections in April-May 2019. The second half of fiscal 2020 witnessed extended monsoons, low capital expenditure on infrastructure and road activities, labour shortage owing to local elections and water and sand unavailability in several states along with financial stress in the NBFC and housing sectors. Though the demand started indicating some signs of improvement since December 2019, the momentum could not be sustained due to the Covid-19 pandemic in the seasonally strong quarter of the fiscal. This severely impacted construction activities, which consequently resulted in the industry witnessing decline in fiscal 2020, the first time in the last two decades.

CRISIL Research expects cement demand to register 3.5-4.5% CAGR over fiscals 2021 to 2025 as against a robust 5.0% CAGR witnessed during fiscals 2016 to 2020, driven by a raft of infrastructure investments and moderate revival in housing demand.

Cement demand outlook



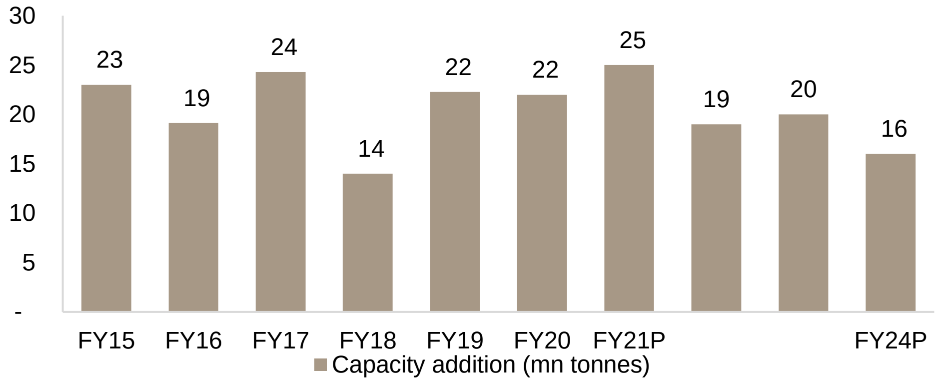
Source: CRISIL Research

Industry to potentially witness 95-105 mtpa capacity additions in the next five years; Covid-19 to slowdown the momentum

The cement industry is estimated to have added ~22 MT of grinding capacity each in fiscals 2019 and 2020. CRISIL Research estimates overall installed capacity at 520 mtpa (adjusted for period of commissioning, this would be close to 500 mtpa on an effective basis) as of fiscal 2020.

Capacity additions are expected to remain robust with 95-105 MT to be added in over fiscals 2021-2025.

Capacity additions in cement sector



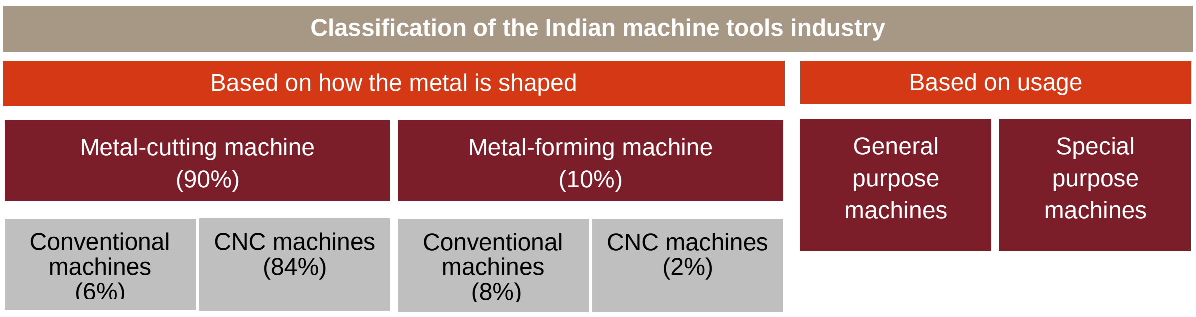
Source: CRISIL Research

Key Players

Key players in the gear and gearbox market include Elecon Engineering, Premium Transmission, Shanthi Gears, New Allenberry Works, Siemens, Bonfiglioli Transmission, ZF Wind Power Coimbatore, and SEW Eurodrive India.

REVIEW AND OUTLOOK ON SPECIAL PURPOSE MACHINES MANUFACUTING, CONTRACT MANUFACTURING OF MACHINES/ SUB-ASSEMBLIES FOR DOMESTIC AND EXPORT MARKETS

Introduction to special purpose machines (SPMs)



Note: CNC-Computer Numerical Control
Figures in bracket indicate percentage contribution by value
Source: Industry, CRISIL Research

SPMs are customised machines deployed to automate industrial processes to ensure high productivity. Based on their usage, they are classified as general purpose machines or SPMs. Usage of SPMs reduces chances of human error and decreases human fatigue when carrying out repetitive operations. It assures consistent quality and interchangeability of parts by carrying out the same designed process 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 as per individual requirements. These SPMs are either cam-operated machines or use hydraulics and pneumatics as actuating elements or a combination of all. Often, 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. Demand for SPMs is cyclical in nature and, hence, standalone players are very few.

Initially, the life of SPM machines used to be around five years, which demanded better quality raw materials as well as design with high technical standards. But in recent years, the automobile industry has witnessed several changes to meet increasing consumer expectations in terms of model designs, features, etc., thus making SPMs non-usable in two-three years. Due to the faster replacement cycle, buyers look for low-cost machines that come with less optimal design standards. Critical components for SPMs are mostly from imported from the United States, Japan and Germany, where high quality standards are maintained. However, there has been a trend of increasing imports from Taiwan and Korea, wherein various components based on design are imported and assembled to make SPMs.

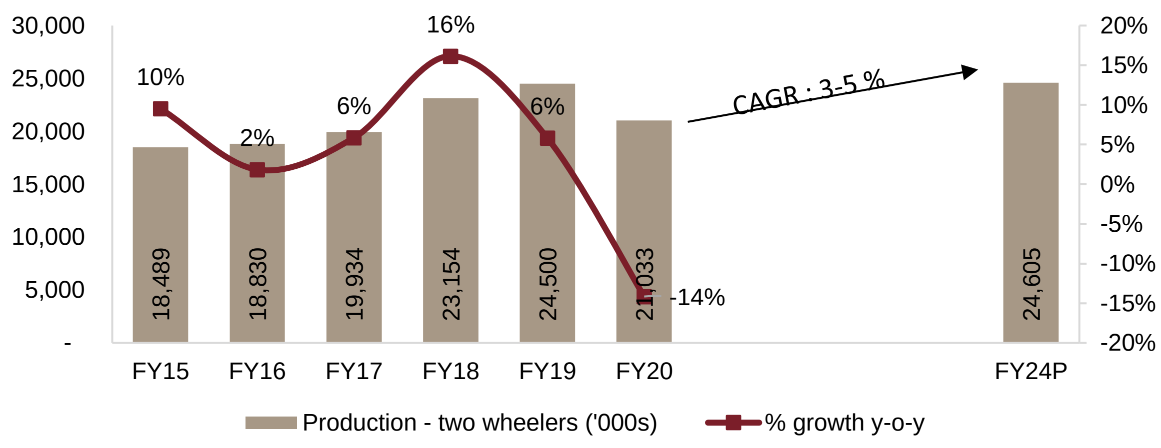
Major growth drivers for SPMs

Automobiles

Two-wheelers

CRISIL Research expects domestic two-wheeler sales to record a compound annual growth rate (CAGR) of 3-5% from fiscal 2020 to 2024, dragged down by the decline in growth in fiscal 2021. The two-wheeler industry clocked 2% CAGR from fiscal 2015 to 2020. In the near term, CRISIL Research expect the two-wheeler industry to be negatively impacted by the disruption caused by Covid-19 and the high cost of ownership owing to BS VI emission norms, resulting in higher vehicles prices in fiscal 2021. Hence, in the long term, CRISIL Research expect the industry to grow by low single-digit CAGR between fiscals 2020 and 2024. It is expected that growth will pick up for the two-wheeler industry post fiscal 2021 and it will clock 8-10% CAGR between fiscals 2021 and 2024.

Two-wheeler production growth ('000 volume terms)



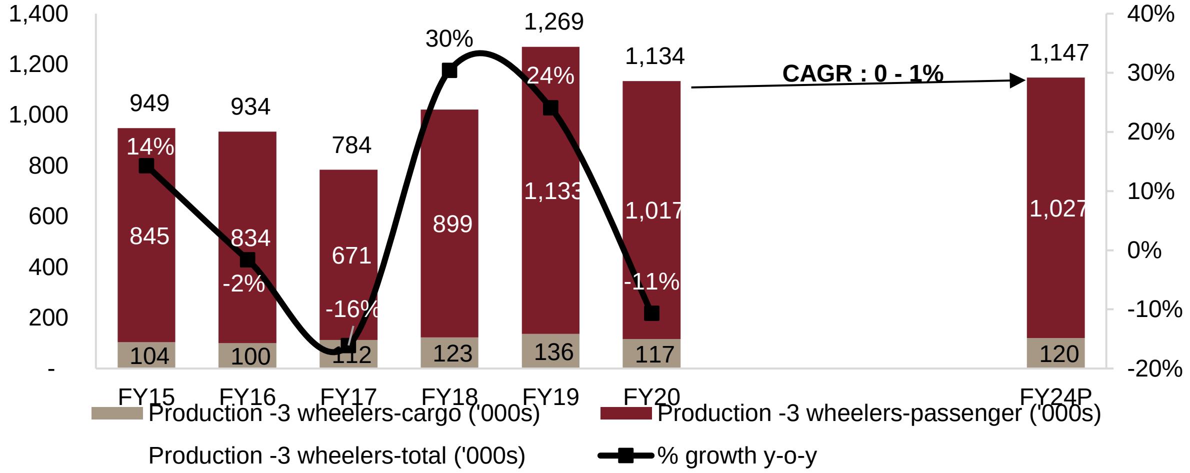
Source: SIAM, CRISIL Research

Three-wheelers

After a sharp drop of (50) to (45) % in FY21 the production of three wheelers in India is expected to grow at 25 to 30% in FY22 over a low base as passenger movement improves with the Indian as well as global economy opening up gradually leading to improvement in domestic sales as well as exports. Following which, production of three-wheelers is expected to recover to slightly over 2020 levels by fiscal 2024.

Growth in the passenger three-wheeler sub-segment will largely come from increasing mobility demand for last-mile connectivity in metros and major cities with increasing urbanization. Further, the penetration could also be influenced by the issuance of permits by the government. Demand for CNG three-wheelers is also expected to grow because of the changing regulatory framework. Moreover, based on cost dynamics as well as usage patterns, electric vehicles could have a maximum impact/threat to the three wheeler passenger segment among all automotive segments.

Projected growth in three-wheeler production

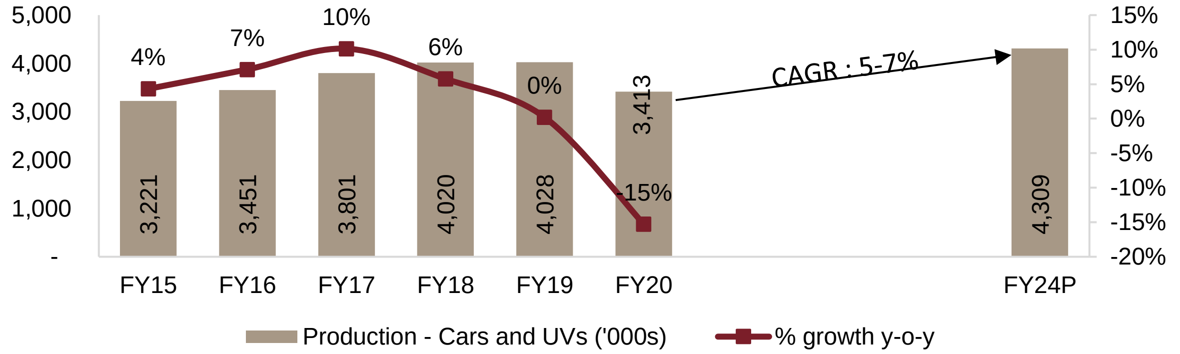


Source: CRISIL Research

Cars and UVs

CRISIL Research projects domestic sales of cars and utility vehicles (UVs) to increase at a compound annual growth rate (CAGR) of 5-7% over fiscals 2020-2024, better than the 1.3% CAGR logged between fiscals 2015 and 2020. The growth is expected to be better (post-fiscal 2021) as consecutive years of double-digit decline would lead to a very low base in fiscal 2021. Post fiscal 2021, healthy growth is expected over this low base due to moderate macroeconomic growth, increasing disposable incomes, relatively stable cost of vehicle ownership and lower fuel prices. Other factors that would aid demand are increasing urbanization, government support to farm incomes, and improved availability of finance. However, increasing congestion in metro cities and rising popularity of shared mobility services are likely to restrict car sales in the long term.

Projected growth in cars and UV production



Source: CRISIL Research

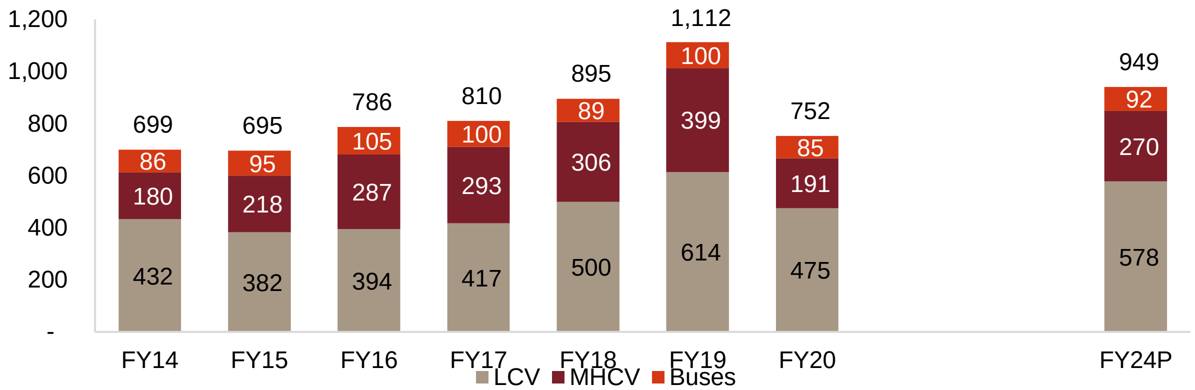
After a sharp decline in fiscals 2020 and 2021, sales of car as well as UV segment to grow at a healthy pace. Hyundai and Tata are expected to open a larger number of outlets in rural and semi-rural areas, as well as estimated higher farm profitability, are expected to boost sales. Moreover, the increase in cost of ownership is likely to be moderate, because of lower interest rates and increased fuel efficiency. Large-car sales are expected to decline by 10-12% CAGR in fiscal 2020-2024 because the UV segment is expected to continue cannibalizing the large-car segment and put pressure on its growth. Post a 7-9% decline in fiscal 2021, UV and van sales will clock a faster 7-9% CAGR during fiscal 2020-2024, driven by a continued shift in consumer preferences and multiple model launches by manufacturers in this segment. The entry of new players in the UV segment is also expected to aid traction. Replacement demand is also likely to rise, as car owners opt for newer models due to higher affordability, competitively priced launches, and easy availability of finance. Overall, the cars and UV segment is expected to sustain growth at 5-7% CAGR during fiscal 2020 to 2024, post consecutive two years of double-digit decline.

CV industry

MHCV segment to log moderate growth; tonnage growth to be marginally lower

CRISIL Research expects sales growth of MHCV, LCV and buses, the three major commercial vehicle segments to grow by a combined 5-7% CAGR in the next five years, between fiscals 2020 and 2024. CRISIL Research has categorized the CV industry into MHCVs, LCVs, and buses to better gauge and analyses the dynamics within each of these key segments. The production for CVs is expected to grow at 2.5-3.5% CAGR over fiscal 2019 to 2023.

Projected growth in CVs production ('000s in volume terms)



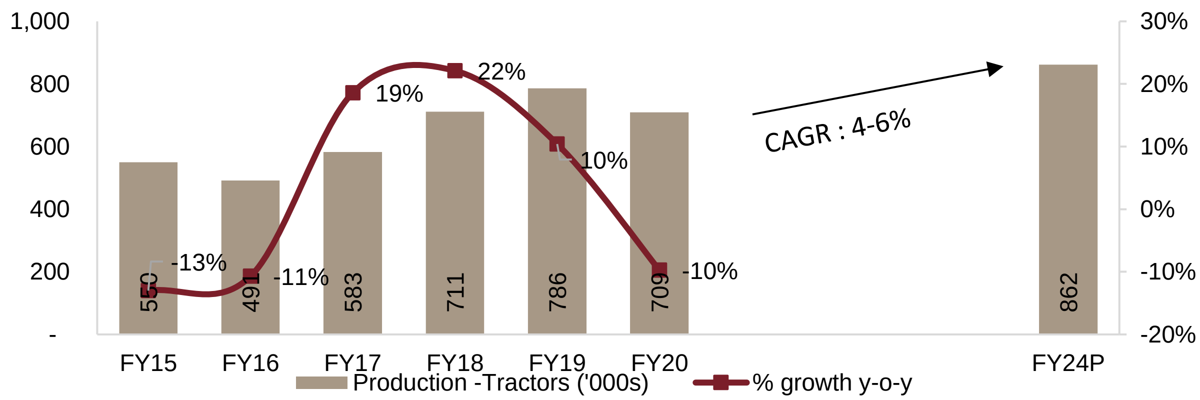
Source: CRISIL Research

Tractor industry

Domestic demand to grow 4-6% till fiscal 2023

Domestic tractor sales are expected to grow 18-20% on-year in fiscal 2021 due to better crop production on account of a normal monsoon. CRISIL Research projects domestic tractor sales to expand at 4-6% CAGR during fiscal 2020 to 2024, on account of low tractor penetration in India (3 tractors per 100-hectare area); government's focus on improving farm incomes through various schemes, promoting farm mechanization; and investments to improve rural infrastructure. The projected growth rate factors in one-two years of deficient rainfall.

Projected growth in tractor production

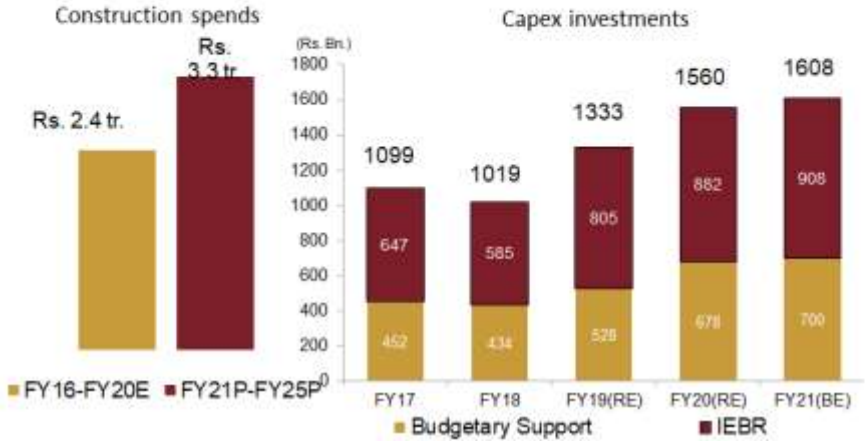


Source: CRISIL Research

Investments in railways

Railway investments to touch Rs 8.0 trillion over fiscal 2020 to 2023. CRISIL Research expects a 13 to 15% decline in investments in Railways in fiscal 2021 owing to the Covid-19 pandemic. Investments in fiscal 2022 are seen rising by 10-15%, led by the dedicated freight corridor and deferral of fiscal 2021 capex. A construction capex of Rs 3.3 trillion is seen over the next five years, compared with Rs 2.4 trillion over the past 5 years, led by investments in network decongestion. CRISIL Research expects construction expenditure in railway projects to increase 1.4 times (4-6% CAGR) between fiscals 2021 and 2025, compared with the previous five years.

Railway investments to grow 1.4X in next five years compared with past five years



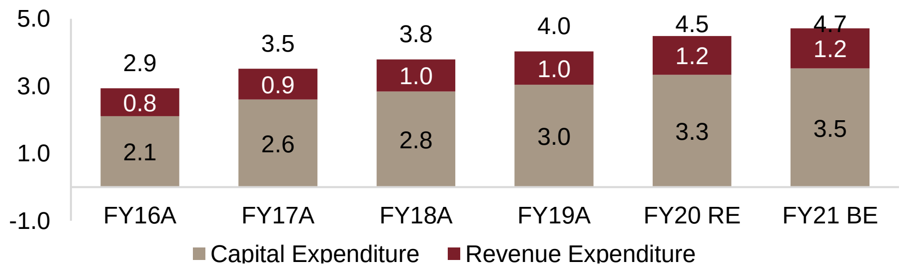
Source: Budget documents, CRISIL Research

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.

India's focus on indigenous manufacturing in the defence space is paying off as the Ministry of Defence, over the last few years, has unveiled several products manufactured in India like HAL Tejas light combat aircraft, composites sonar dome, a portable telemedicine system for the armed forces, penetration-cum-blast and thermobaric ammunition specifically designed for Arjun tanks, a heavyweight torpedo called Varunastra manufactured with 95% locally sourced parts, and medium range surface to air missiles.

Trend in India's defence budget expenditure (Rs trillion)



Note: Includes defence pensions, A: Actuals, RE: Revised Estimates, BE: Budget Estimates
Source: Union Budget, CRISIL Research

REVIEW AND OUTLOOK OF TOOL ROOM AND MOULD BASE MARKET IN INDIA

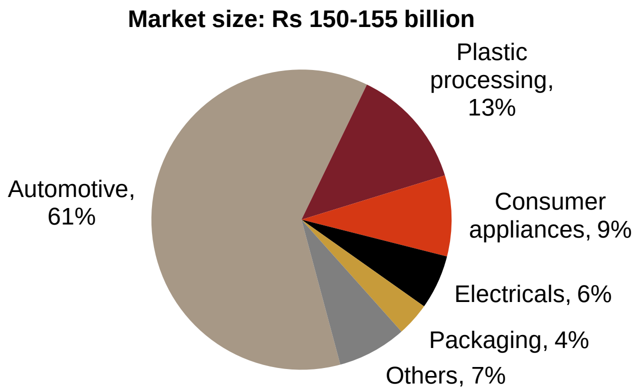
Industry to gradually pick up pace from fiscal 2022, post decline in fiscals 2020 and 2021

A tool room is integral to the manufacturing sector, and, hence, its fortunes are closely linked to the trajectory of the various industries.

The tool room industry is estimated to have grown at 6-7% CAGR between fiscals 2017 and 2019, supported by a 10% CAGR in demand (domestic + exports) from its primary segment, i.e. automotive, and 6% CAGR from consumer appliances. In fiscal 2020, though, demand from the automobile sector dropped ~15% on-year amid slowing economic growth, weak rural demand, price hikes of vehicles because of Bharat Stage-VI upgradation, increase in road tax in certain states, liquidity constraints resulting in lower loan-to-value, as well as the nationwide lockdown in late March. Consequently, the tooling industry's market size fell 8-10% on year, to Rs 150-155 billion. Continued growth in consumer appliances demand of 5-6% even in fiscal 2020 restricted a further decline.

Consequently, the share of the automotive segment in the industry-wise demand pie shrunk from 64% in fiscal 2017 to 61% in fiscal 2020. On the other hand, the consumer appliances industry's share rose from 7% to 9%, with the plastic products industry maintaining its share of 12-14%.

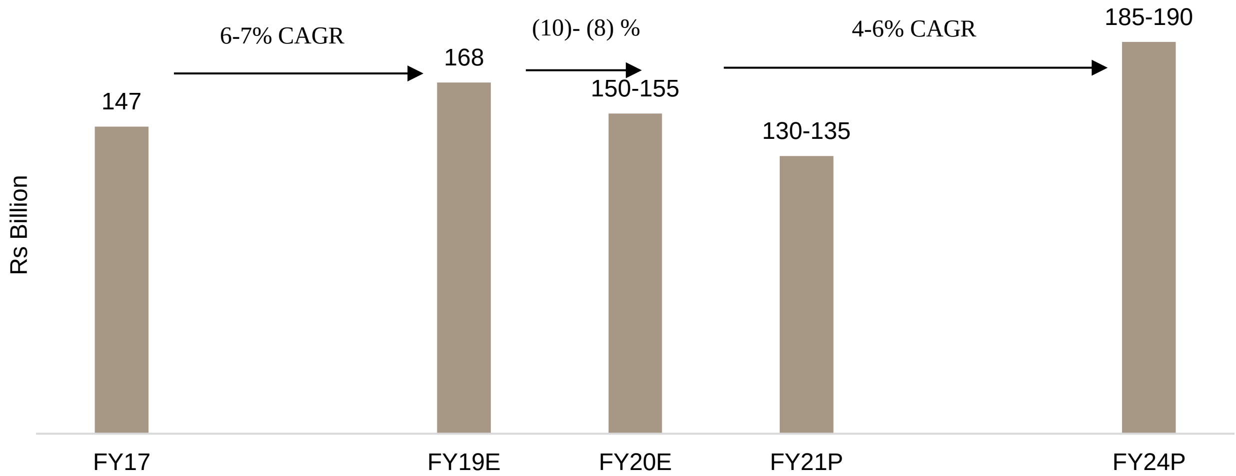
Industry-wise demand share in fiscal 2020



Note: Others include General engineering, medical equipment, railways, defence, mining equipment, etc.
Source: Tool and Gauge Manufacturers Association, CRISIL Research

In fiscal 2021, the Covid-19 pandemic severely affected the economy as well as the manufacturing industry. The 61-day nationwide lockdown and gradual unlocking impacted customer sentiment and, in turn, underlying demand for the tooling industry. CRISIL Research expects the tooling industry to contract 12-14% on-year, to a decade low of Rs 130-135 billion. However, over the next three years, the economy as well as demand for tools are forecast to gradually pick, with the market size of the tooling industry reaching Rs 185-190 billion by fiscal 2024, which is a 4-6% CAGR from fiscal 2020 levels; the automotive industry (domestic + exports) is projected to grow at 2-4% CAGR from fiscals 2020 to 2024. Also, given the rising number of new vehicle launches as well as increased frequency of launching latest modified versions of popular models, demand for newer tools and moulds is expected to outpace the automobile industry's demand, thus providing further thrust to the tooling industry. Demand from opening up of industries such as defence and aerospace, with conditions for local sourcing of components, is also expected to provide additional surge to tooling demand.

Domestic tool room and mould base demand trend



Note: Includes tools, moulds, dies and fixtures
Source: CRISIL Research

Industry structure

As per the Tool and Gauge Manufacturers Association, there are more than 1,000 players in the tool room industry, of which ~85% are small and unorganised.

The tooling requirement is met through three sources – (i) captive tool room, (ii) commercial tool room, and (iii) imports. Many large manufacturing units have in-house tool room departments. Also, auto component and original equipment manufacturers mostly have captive tool rooms, and account for 5% share of the industry units. Commercial tool rooms (CTRs) are independent units that cater to the tool room requirement of several industries. These players account for 50% of the units in the industry, and are mostly small to medium in size; there are nearly 100 CTR medium-scale manufacturers. The Indian CTR industry is concentrated in Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and the National Capital Region, owing to the presence of industries such as automobiles, auto components, plastics, and general engineering.

Nearly 45-50% of the tooling demand is met via CTR, while 30-35% tooling is done in captive units. The rest 15-20% is met via imports.

Major growth drivers

Automobile sector

Growth drivers for the automobile industry are covered in 'Market size of the Indian automobile sector' chapter under 'Demand drivers for the automobile sector' section.

	Total sales volume (million units)			CAGR %
Automobile segments	**FY20**	**FY21 E**	**FY24P**	**FY20-FY24P**
Commercial vehicles	0.72	0.54	0.9	5-7%
Passenger vehicles	3.5	2.9	4.2	4-6%
Two-wheelers	20.9	17.6	22.7	1-3%
Tractors	0.78	0.89	0.95	4-6%

Note: Total sales include domestic sales and exports
Source: Society of Indian Automobile Manufacturers, CRISIL Research

Plastic processing and products

Small and medium enterprises have a large presence in the processing industry, owing to its commoditized nature, low entry barriers, adequate availability of raw material, and low capital intensity. Hence, the segment is highly fragmented. There are ~30,000 registered plastic processing units, of which ~75% are in the small-scale sector.

Parameter	Rationale
Macroeconomic growth	Plastic products are mostly used in industrial, agricultural and consumer applications. Hence, growth in demand for plastic products directly depends on the overall macroeconomic growth.
Demand from end-user segments	In addition to the underlying economic growth, demand for plastics will also be driven by higher penetration of plastic used in end-user segments such as automobiles, agriculture, infrastructure and packaging.

Source: CRISIL Research

Meanwhile, the size of the plastic processing segment, which was ~Rs 1,500 billion in fiscal 2020, is expected to drop ~10% on-year in volume terms (nearly 20% in value terms) in fiscal 2021 amid the sharp contraction in the economy as well as falling demand from the underlying industries. However, recovery is expected from fiscal 2022. Demand for plastic products is expected to increase at 5-7% CAGR between fiscals 2020 and 2024, owing to improving economic growth and revival in end-user segments.

Consumer durables

The household appliances industry, comprising room air conditioners (RACs), refrigerators, colour televisions (CTVs), and washing machines, is expected to plunge 20-25% on-year in volume terms in fiscal 2021 vis-à-vis a 6% on-year rise in fiscal 2020. This is on account of demand slowdown owing to the fallout from the pandemic; significant decline in first quarter sales will weigh on full year sales.

Key Players

Key players in the tool room and mould base industry are Godrej & Boyce Manufacturing Co. Ltd., Shapers India Pvt. Ltd., Sridevi Tool Engineers Pvt. Ltd., CTM India Ltd., Karthigeya Moulds & Dies Pvt. Ltd., Devu Tools Pvt. Ltd., Mastercraft Engineers, VEM Tooling India Pvt. Ltd., Abhijeet Dies & Tools Pvt. Ltd., and Classic Moulds and Dies Ltd.

PEER COMPARISON

Revenue

(in ₹ million)

Company	FY16	FY17	FY18	FY19	FY20
Bharat Forge Limited	68,382	64,134	83,987	1,01,954	81,092
Craftsman Automation Limited	8,972	11,019	14,791	18,180	14,925
Endurance Technologies Limited	52,403	55,893	65,409	75,105	69,266
Jamna Auto Industries Limited	12,613	12,964	17,423	21,410	11,340
Mahindra CIE Automotive Limited	38,726	53,341	65,372	80,525	79,169
Minda Industries Limited	25,307	33,890	44,745	59,096	54,654
MM Forgings Limited	5,023	4,786	6,391	9,348	7,715
Ramkrishna Forgings Limited	10,917	9,134	14,851	19,217	11,945
Sandhar Technologies Limited	15,111	16,114	19,464	23,358	19,434
Sundaram-Clayton Limited	14,177	13,946	16,430	18,331	13,243
Sundram Fasteners Limited	32,751	32,959	38,384	45,579	37,232

Source: Audited annual reports and company filings with MCA, CRISIL Research

EBITDA-operating Profit before Depreciation Interest and Taxes

(in ₹ million)

Company	FY16	FY17	FY18	FY19	FY20
Bharat Forge Limited	14,457	12,742	17,641	20,830	11,903
Craftsman Automation Limited	2,273	2,323	2,763	4,187	3,979
Endurance Technologies Limited	6,908	7,602	9,334	11,291	11,451
Jamna Auto Industries Limited	1,624	2,053	2,434	2,853	1,207
Mahindra CIE Automotive Limited	3,940	5,454	8,392	10,720	9,769
Minda Industries Limited	2,427	3,818	5,391	7,398	6,263
MM Forgings Limited	1,080	929	1,305	1,753	1,345
Ramkrishna Forgings Limited	1,814	1,621	2,824	3,928	2,087
Sandhar Technologies Limited	1,413	1,480	2,090	2,516	1,956
Sundaram-Clayton Limited	1,419	1,331	136	1,796	1,417

Company	FY16	FY17	FY18	FY19	FY20
Sundram Fasteners Limited	4,270	6,074	6,994	8,217	6,044

Source: Audited annual reports and company filings with MCA, CRISIL Research

Net income- Profit after Tax

(in ₹ million)

Company	FY16	FY17	FY18	FY19	FY20
Bharat Forge Limited	6,441	6,759	7,460	10,243	3,412
Craftsman Automation Limited	433	797	332	995	400
Endurance Technologies Limited	3,004	3,303	3,908	4,950	5,655
Jamna Auto Industries Limited	715	1,050	1,253	1,375	479
Mahindra CIE Automotive Limited	872	1,690	3,584	4,981	3,538
Minda Industries Limited	1,226	1,851	3,256	3,395	1,877
MM Forgings Limited	501	434	606	655	417
Ramkrishna Forgings Limited	545	112	917	1,201	97
Sandhar Technologies Limited	367	416	507	952	570
Sundaram-Clayton Limited	1,444	1,056	549	1,197	687
Sundram Fasteners Limited	1,250	3,382	3,895	4,590	3,265

Source: Audited annual reports and company filings with MCA, CRISIL Research

EBITDA margin

(in ₹ million)

Company	FY16	FY17	FY18	FY19	FY20
Bharat Forge Limited	21%	20%	21%	20%	15%
Craftsman Automation Limited	25%	21%	19%	23%	27%
Endurance Technologies Limited	13%	14%	14%	15%	17%
Jamna Auto Industries Limited	13%	16%	14%	13%	11%
Mahindra CIE Automotive Limited	10%	10%	13%	13%	12%
Minda Industries Limited	10%	11%	12%	13%	11%
MM Forgings Limited	22%	19%	20%	19%	17%
Ramkrishna Forgings Limited	17%	18%	19%	20%	17%
Sandhar Technologies Limited	9%	9%	11%	11%	10%
Sundaram-Clayton Limited	10%	10%	1%	10%	11%
Sundram Fasteners Limited	13%	18%	18%	18%	16%

EBITDA margin = EBITDA/Revenue
Source: Audited annual reports and company filings with MCA, CRISIL Research

ROCE

(in ₹ million)

Company	FY16	FY17	FY18	FY19	FY20
Bharat Forge Limited	14%	11%	16%	16%	6%
Craftsman Automation Limited	10%	9%	9%	15%	10%
Endurance Technologies Limited	20%	20%	21%	23%	20%
Jamna Auto Industries Limited	35%	37%	40%	44%	11%
Mahindra CIE Automotive Limited	15%	14%	24%	23%	21%
Minda Industries Limited	14%	14%	17%	17%	10%
MM Forgings Limited	14%	10%	11%	10%	7%
Ramkrishna Forgings Limited	9%	6%	12%	14%	4%
Sandhar Technologies Limited	13%	11%	12%	16%	9%
Sundaram-Clayton Limited	8%	6%	-3%	5%	3%
Sundram Fasteners Limited	18%	25%	25%	23%	14%

Note: ROCE = EBIT / (Total Assets – Total Current Liabilities)
Source: Audited annual reports and company filings with MCA, CRISIL Research

PAT margin

(in ₹ million)

Company	FY16	FY17	FY18	FY19	FY20
Bharat Forge Limited	9%	11%	9%	10%	4%
Craftsman Automation Limited	5%	7%	2%	5%	3%
Endurance Technologies Limited	6%	6%	6%	7%	8%
Jamna Auto Industries Limited	6%	8%	7%	6%	4%
Mahindra CIE Automotive Limited	2%	3%	5%	6%	4%
Minda Industries Limited	5%	5%	7%	6%	3%
MM Forgings Limited	10%	9%	9%	7%	5%
Ramkrishna Forgings Limited	5%	1%	6%	6%	1%
Sandhar Technologies Limited	2%	3%	3%	4%	3%
Sundaram-Clayton Limited	10%	8%	3%	7%	5%
Sundram Fasteners Limited	4%	10%	10%	10%	9%

EBITDA margin = Net Income / Revenue

Source: Audited annual reports and company filings with MCA, CRISIL Research

BUSINESS

*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 22, 95, 224 and 290, 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 22 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.*

*The industry data in this chapter has been extracted from the report titled "Studying the Automotive and Industrial Engineering Business in India" dated December 2020, 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. Industry sources and publications generally state that the information contained therein has been obtained from sources generally considered 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. For further information, see "**Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation - Industry and Market Data**" and "**Industry Overview**" on pages 12 and 95, respectively.*

Unless the context otherwise requires, references to "our Company" are to Craftsman Automation Limited on a standalone basis, while references to "we", "us" or "our" are to Craftsman Automation Limited on a consolidated basis.

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 Financial Information included on page 224.

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 are the largest player involved in the machining of cylinder blocks and cylinder heads in the intermediate, medium and heavy commercial vehicles segment as well as in the construction equipment industry in India. We are among the top three-four component players with respect to machining of cylinder block for the tractor segment in India. *(Source: CRISIL Report).* We are present across the entire value chain in the Automotive-Aluminium Products segment, providing diverse products and solutions. Our strong in-house engineering and design capabilities help us offer comprehensive solutions and products to our long standing domestic and international customers in each of the segments in which we operate.

Our comprehensive solutions include design, process engineering and manufacturing including foundry, heat treatment, fabrication, machining and assembly facilities. Our core competence in machining and assembly of industrial and engineering products has helped us to first establish ourselves as a significant player in the Automotive - Powertrain and Others segment. Our key products in this segment are highly engineered and include engine parts such as cylinder blocks and cylinder heads, camshafts, transmission parts, gear box housings, turbo chargers and bearing caps. The end users for our products include OEMs producing commercial vehicles, special utility vehicle, tractors and off-highway vehicles. Additionally, we also provide machining services within our Automotive – Powertrain and Others segment. Over the years, we have been instrumental in import substitution for critical powertrain parts.

We have leveraged our long-term presence in developing aluminium products for precision components to also establish and grow the Automotive - Aluminium Products segment. Within our Automotive – Aluminium Products segment, we are equipped with an array of processes including the high pressure die casting, low pressure die casting and gravity die casting machines to manufacture components, machining tools for machining and assembly lines. Our key products are highly engineered and include crank case and cylinder blocks for two wheelers, engine and structural parts for passenger vehicles and gear box housing for heavy commercial vehicle. Our sales volume, in terms of tonnage, from the Automotive - Aluminium Products segment was 4,536.13 tonnes, 12,596.22 tonnes, 18,863.83 tonnes and 11,819.04 tonnes for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Within the Industrial and Engineering segment, we have utilized our in-house engineering and design capabilities and developed a diverse product portfolio across two sub-segments, namely, (i) the storage solutions sub-segment under which we have the complete solution for conventional/automated storage; and (ii) the high end precision products sub-segment under which we manufacture aluminium products for power transmission, high-end precision products and undertake sub-assembly, material handling equipment such as hoists, crane kits and industrial gears, manufacture gear and gear boxes, marine engines and accessories, special purpose machines ("**SPM**"), which includes metal cutting and non-metal applications such as washing and leak testing solutions and tool room, mould base and sheet metal. In our storage solutions business, we provide diverse products and solutions such as pallets, racking, shelving, vertical storage solutions to several sectors such as FMCG, E-commerce, food and beverages, logistics, pharmaceutical and electronics. According to the CRISIL Report, the market sizing of storage solutions industry is estimated at ₹ 22 billion as of Fiscal 2020. The industry grew at a CAGR of 15 to 16% over Fiscal 2016 to Fiscal 2020 and is expected to ₹ 36 billion in Fiscal 2024 from ₹ 21 billion in Fiscal 2021. We intend to leverage our strong product development, designing, engineering and manufacturing capabilities, to create opportunities in increasing our market share in the storage solutions business. We have commissioned new strategically located unit in Pune in 2019 for manufacturing storage solutions products which enables us to service the storage solutions market, catering to customers across India.

We have long term relationships with several marquee domestic and global original equipment manufacturers ("**OEMs**") and component manufacturers across our three business segments. Within our Automotive – Powertrain and Others segment, our key customers include Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Simpson & Co. Limited, TAFE Motors and Tractors, Escorts, Ashok Leyland, Perkins, Mitsubishi Heavy Industries, John Deere and JCB India. Within our Automotive – Aluminium Products segment, our key customers include Daimler India, TVS Motors, Royal Enfield, Perkins and Mahindra & Mahindra. Key customers within our industrial and engineering segment include Siemens and Mitsubishi Heavy Industries. 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 direct supply to our OEM customers, under long term agreements, which are renewed from time to time. With our track record and wide product portfolio, we have been able to retain our existing customers and also been able to attract new customers. We have a diversified client base with our top 10 customers accounting for 56.23%, 53.41%, 56.25% and 52.59% of our revenue from operations, in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

We commenced operations in 1986 in Coimbatore, in the State of Tamil Nadu, India. We own and operate 12 strategically located manufacturing facilities across seven cities in India, with a total built up area of over 1.5 million sq. ft., close to some of our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for our customers, and to insulate them from local supply or other disruptions. Our manufacturing facilities include state of the art equipment, engineered layout with process controls and necessary automations for quality and productivity.

Our business is primarily operated from manufacturing facilities which are owned and operated directly by us. We do not have any subsidiaries or joint ventures within or outside India manufacturing any of our products. This allows us to keep our core competencies within our Company, allowing us to ensure strict quality control and safety at each step of our manufacturing process. We have a wholly-owned overseas subsidiary, Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.), set up in 2008 in Netherlands, through which we are engaged in marketing, sales and servicing of marine engines and other associated equipment used in yachts. These products are manufactured and assembled by us in India and exported under the name "Craftsman Marine" and will help us expand our footprint in Europe. We have a track record of growing through joint ventures and strategic alliances, including by gaining access to new customers, business segments, geographies, knowhow and technologies. We have a joint venture in India, Carl Stahl Craftsman Enterprises Private Limited, 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 also have a strategic investment in MC Craftsman Machinery Private Limited, which is majority held by the Mitsubishi group, strengthening our two decades of business relationship with the Mitsubishi group and allowing us recognition and access to customers based in or headquartered out of Japan and the East Asia region.

Our Promoter, Chairman and Managing Director, Srinivasan Ravi, is a mechanical engineer and a first-generation entrepreneur with over 34 years of relevant industry experience. 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 have 14.06% and 15.50% shareholding, respectively, in our Company.

Our total revenue was ₹ 5,337.18 million, ₹ 14,924.65 million, ₹ 18,180.07 million and ₹ 15,115.31 million in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively. Our net profit was ₹ 69.66 million, ₹ 410.73 million, ₹ 973.67 million and ₹ 315.34 million in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Our EBITDA was ₹ 1,487.92 million, ₹ 4,065.51 million, ₹ 4,566.80 million and ₹ 3,051.81 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, having increased at a CAGR of 15.42%, from Fiscal 2018 to Fiscal 2020. Our EBITDA Margin (EBITDA as a percentage of our total revenue) was 27.88%, 27.24%, 25.12% and 20.19%, respectively, in the same periods, having increased at a CAGR of 16.15%, from Fiscal 2018 to Fiscal 2020.

The share of our three business segments within our revenue from operations has remained relatively stable during this period, with the Automotive – Powertrain and Others, Automotive – Aluminium Products and Industrial and Engineering segments accounting for 48.17%, 19.70% and 32.12% of our revenue from operations in the six months ended September 30, 2020 and 47.52%, 17.27% and 35.21% of our revenue from operations in Fiscal 2020, compared to these three segments accounting for 55.47%, 16.95% and 27.58% of our revenue from operations in Fiscal 2019, and 57.62%, 15.57% and 26.82% of our revenue from operations in Fiscal 2018. In our Automotive – Powertrain and Others segment and Industrial and Engineering segment, we undertake domestic sales as well as exports to various customers. Our domestic sales in the Automotive – Powertrain and Others segment contributed 46.40%, 45.35%, 53.55% and 55.05% of our revenue from operations for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively, while export sales contributed 1.77%, 2.18%, 1.93% and 2.56%, respectively, in the same periods. In our Industrial and Engineering segment, domestic sales contributed 19.89%, 26.14%, 18.88% and 19.46% of our revenue from operations for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively, while export sales contributed 12.24%, 9.06%, 8.70% and 7.36%, respectively, in the same periods. We supply to various customers with global presence who export our products to demand their business demand abroad.

We have also built-up a significant size of assets in our machining and manufacturing capacities to meet the growing demand for products from our customers and to expand into new segments. As of the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, the Gross Block was ₹ 21,928.90 million, ₹ 21,855.56 million, ₹ 20,700.44 million and ₹ 16,284.26 million. The significant capital expenditure in the earlier years have positioned our Company well to take advantage of future growth opportunities. For the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our capital expenditure aggregated to ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million, respectively, used to modernize and upgrade our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity. For the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, our Return on Capital Employed ("**ROCE**") (calculated as earnings before interest and tax divided by the difference between our total assets and total current liabilities) was 4.25%, 13.80%, 18.66% and 14.00%. Our net worth was ₹ 6,690.75 million, ₹ 6,634.75 million, ₹ 6,278.36 million and ₹ 5,412.34 million as on September 30, 2020 and as on March 31, 2020, 2019 and 2018, respectively, while our return on average net worth was 1.05%, 6.36%, 16.66% and 5.96% and our Return on Equity ("**ROE**") was 1.04%, 6.19%, 15.51% and 5.83% for the same periods.

We have been consistently recognized by customers for the high-quality of the products supplied by us. For further details on our recent awards and accolades, see "***– Awards and Recognitions***" on page 184. We are also 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.

Strengths

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

We are a diversified engineering company 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 intermediate, medium and heavy commercial vehicles segment as well as the construction equipment industry and are also among the top 3-4 players in machining of cylinder blocks for tractor segment in India. We are present across the entire value chain in the Automotive-Aluminium Products segment, providing diverse products and solutions.

We offer comprehensive one-stop solutions to our customers including design, process engineering and manufacturing including foundry, heat treatment, fabrication, machining and assembly facilities. We are diversified across end-user industries and cater to commercial vehicles, two wheeler, tractor and other segments. For instance, we manufacture cylinder blocks, cylinder heads and transmission parts which are required for tractors and trucks as well as crank cases, which are required for two wheelers. We cater to a wide customer base across various industry segments and offer a diverse suite of products to our customers. We actively pursue cross-selling opportunities across segments to derive value for our existing and prospective customers. This not only helps us in solving complex customer problems that require multi-domain expertise but also helps us in penetrating customers' different business segments and enhance our capabilities to collaborate with OEMs right from the designing of their new products. Our diversified presence across various segments and design capability provides us with the flexibility to operate successfully across business cycles and mitigate any fluctuations in the industry.

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 such as jigs, fixtures, special tools and SPM. Similarly, in respect of aluminium components, we are equipped with high pressure die casting, low pressure die casting 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. With our significant size of assets in our machining and manufacturing capacities and capital expenditure undertaken by us in the earlier years of our business, 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 and OEMs that do not currently have such similar in-house engineering capabilities and production facilities. Thus, we are able to meet the demand and supply products to our customers at a competitive pricing.

Our diversification of revenue across multiple customers allow us to prevent any possible customer concentration in any of our business segments. With our track record and wide product portfolio, we have been able to retain our existing customers and have also been able to attract new customers.

Strong in-house process and product design capabilities with the ability to interchange capacity and product mix.

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. Over the years, we have engaged with our customers from their early product design stage and 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 blocks and heads and camshafts, enabling us to respond to customer specifications and provide quality products and service in a timely and cost-effective manner. Our diversified presence across various levels of the component value chain and design capability is unique across the competitive landscape.

We place a strong focus on research and development, with an emphasis on continuous improvement in product performance, cost and reliability, to enhance our product range. We have also built a variety of automatic and semi-automatic machines for assembly of parts. We continuously develop our own fail-safe control /monitoring systems. Our manufacturing automation teams integrate robots and gantry systems, thereby assuring consistent quality and dependability. Our engineering expertise and technology driven manufacturing processes have enabled us to deliver our products to our customers in accordance with their designs and specifications at a cost competitive 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, 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.

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. This enables us to offer a diverse range of products and services to our customers across a wide spectrum of industries in all three segments, thereby optimizing our machine productivity, operational efficiency, time management and de-risking our business model.

Our delivery of consistent high quality of products has led to receive various awards and accolades including the "Quality Excellence Award" at GE India Supplier Conference and the "Quality Excellence Award" at TATA Motors Annual Supplier Conference 2019. For further details on our recent awards and accolades, see "***– Awards and Recognitions***" on page 184.

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.

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, TAFE Motors and Tractors, Perkins India, John Deere and JCB India. We have significant presence and customer relationships in each of our business segments and are considered as a strategic and preferred supplier by many of our OEM customers. We are also the single source supplier in certain product categories, for some of our key customers. Our success in leveraging our strong customer relationships is illustrated in the growth of our business over the years.

With our track record and wide product portfolio, we have been able to retain our existing customers and have also been able to attract new customers. Set forth below are the sales to our key customers, segregated on the basis of the years of relationship with such customers:

The details of the sales to our key customers of our revenue from operations are as follows

(in ₹ million)

Key customers relationship	Six months ended September 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
Five years and less	865.72	2,410.78	2,374.71	1,379.84
More than five years but less than 10 years	365.90	1,097.97	1,117.87	1,077.31
10 years and more	2,932.07	7,909.46	10,248.70	8,872.41

We have a consistent track record of adding new customers to our portfolio and spreading across geographies. We are diversified across customers with our top 10 customers accounting for 56.23%, 53.41%, 56.25% and 52.59% of our revenue from operations in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively. Our diversified engineering, comprehensive solutions and high quality, intricate and critical products, components and parts, process and product design capabilities have been critical in sourcing new customers and our ability to retain such customers and generate revenue from new 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. We have the ability to develop various products and solutions, to meet their designs and specifications, as well as to cross sell multiple products to and thereby increase our wallet share with our customers. Our long-standing relationship with our key customers provides us with a significant advantage to effectively compete with our competitors.

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. We have been consistently recognized by customers for the high-quality of the products supplied by us. For further details on our recent awards and accolades, see "***– Awards and Recognitions***" on page 184.

Extensive manufacturing footprint, with strategically located manufacturing facilities.

We own and operate 12 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 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 our customers, and to insulate them from local supply or other disruptions. Our in-house engineering and design capabilities allow us to offer comprehensive solutions including design, process engineering and manufacturing including foundry, heat treatment, fabrication, machining and assembly to our long standing domestic and international customers.

Two of our facilities, forming our flagship integrated facility, are located at the outskirts of Coimbatore in the State of Tamil Nadu. We also have two integrated facilities 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 three 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 have upgraded and continue to modernize, our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity. For the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our capital expenditure aggregated to ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million, respectively and the Gross Block was ₹ 21,928.90 million, ₹ 21,855.56 million, ₹ 20,700.44 million and ₹ 16,284.26 million for the same period. These upgradations were undertaken to 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 and to expand into new segments, based on revenue visibility.

We have recently set up a new unit in Pune with high end fully automated equipment from Italian and Swiss manufacturers. This facility, which commenced operations in 2019, enables us to service the storage solutions market, catering to customers across India.

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 34 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 Ravi Gauthamram, our Whole-time Director – Industrial and Engineering products, who is engaged in building our product strategy in the Industrial and Engineering segment, C.B. Chandrasekar, 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 October 31, 2020, we had a large workforce of 249 management staff, 1,383 permanent workmen, 737 apprentices, and 1,202 contract workmen.

Robust financial performance in challenging business environment.

Our robust financial performance positions us for future growth and diversification. Our total income was ₹ 5,365.20 million, ₹ 15,010.57 million, ₹ 18,316.43 million and ₹ 15,228.62 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018 while our profit after tax was ₹ 69.66 million, ₹ 410.73 million, ₹ 973.67 million and ₹ 315.34 million for the same period. Even though our total income declined in Fiscal 2020 as compared to Fiscal 2019 due to the challenging business environment, our overall EBITDA increased at a CAGR of 15.42% from ₹ 3,051.81 million in Fiscal 2018 to ₹ 4,065.51 million in Fiscal 2020. We were able to achieve the margin improvement due to our strong process controls resulting in better operational efficiency. Our profit for the period/ year for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018 was ₹ 69.66 million, ₹ 410.73 million, ₹ 973.67 million and ₹ 315.34 million, respectively. For the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our EBITDA Margin was 27.88%, 27.24%, 25.12% and 20.19%, respectively. Our overall EBITDA margin increased at a CAGR of 16.15% on a restated consolidated basis, from 20.19% in Fiscal 2018 to 27.24% in Fiscal 2020. During the same periods, our total debt to equity ratio was 1.33, 1.44, 1.43 and 1.42, respectively.

Even though our revenues declined by 17.90% from ₹ 18,180.07 million in Fiscal 2019 to ₹ 14,924.65 million in Fiscal 2020 due to the challenging business environment, we have improved our EBITDA margin from 25.12% in Fiscal 2019 to 27.24% in Fiscal 2020. We were able to achieve the margin improvement due to our strong process controls resulting in better operational efficiencies. According to CRISIL Report, we had the highest EBITDA margin for Fiscal 2019 and Fiscal 2020 across our peer group. For further details, see "***Industry Overview – Peer Comparison***" on page 164.

For our segment wise revenue, percentage of growth in revenue compared to the previous Fiscals, percentage contribution to our revenue by our segments, our EBITDA and EBITDA margins for the six months ended September 30, 2020 and for the Fiscals 2020, 2019 and 2018, see "***Management's Discussion and Analysis of Financial Conditions and Results of Operations***" on page 290.

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, allowing us to offer a diverse product suite, reduce operating costs and drive our productivity. For our capital expenditure in our three business segments for Fiscals 2020, 2019 and 2018, see "– ***Overview***" on page 167. According to CRISIL Report, despite incurring significant capital expenditure, we were one of the two companies in our peer set to improve ROCE between Fiscal 2018 and Fiscal 2020. For further details, see "***Industry Overview – Peer Comparison***" on page 164.

While the challenging business developments for us and our customers was impacted by slow-down in the overall economy, the scheduled adoption of BS-VI norms and COVID-19 pandemic has affected the auto sector and our revenues, we have maintained stable EBITDA and EBITDA margins. For details, see "***Management's Discussion and Analysis of Financial Conditions and Results of Operations***" on page 290. Our current long term loan rating is BBB+/ stable and our short term loan rating is A2, last upgraded in March 2018 and reaffirmed in February 2020 and again in May 2020 by CRISIL. 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 major portion of the Net Proceeds towards repayment/prepayment of certain of our existing borrowings, the resultant improvement in our debt-equity ratio should enable us to further optimize our cost of borrowings and strengthen our balance sheet. This coupled with lower interest outgo 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 manufacturing certain critical power transmission components, including, among others, castings for gas insulated switchgear.

Under the Government of India directives, the passenger, commercial vehicles and the two wheeler segments of the automotive industry in India have migrated to BS-VI emission norms from April 2020. Similarly, the farm equipment and construction equipment manufacturers are required to upgrade their products to BS-IV emission norms from April 2021. In order to comply with these norms, the automobile manufacturers are, amongst other things, exploring various possibilities of light-weighting their vehicles by using non-ferrous metals like aluminium to reduce carbon 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.

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 our strategy, we have already expanded our business from providing solutions to OEMs producing commercial vehicles to providing solutions to OEMs producing two wheelers. Despite competition, we have been able to increase our customers' contribution to our revenue.

We intend to achieve this by expanding the sale of each of our existing products to new or existing customers who do not purchase such products from us presently. We see significant potential to increase the wallet share of our existing OEM customers in the future, including an increase in our wallet share from export opportunities.

Within the Automotive - Powertrain and Others and Automotive – Aluminium Products segments, our continued focus would be on the growing light and medium commercial vehicle, passenger vehicles 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.

Growing opportunities in storage solutions.

As a part of our growth strategy, we seek to pursue emerging opportunities, including storage solutions and material handling, which are growing market opportunities. According to the CRISIL Report, the market sizing of storage solutions industry is estimated at ₹ 22 billion as of Fiscal 2020. The industry grew at a CAGR of 15 to 16% over Fiscal 2016 to Fiscal 2020 and is expected to ₹ 36 billion in Fiscal 2024 from ₹ 21 billion in Fiscal 2021. We see opportunities in increasing our market share in the storage solutions business, where we intend to leverage our strong product development, designing, engineering and manufacturing capabilities along with our strong relationships with our existing customers.

According to CRISIL Report, the market size of the organized storage solutions industry, comprising pallets, racking and shelving, is estimated at ₹ 21 billion as of Fiscal 2021 and the industry is expected to grow at 19-21% CAGR over the next three years to reach ₹ 38 billion in Fiscal 2024. This would be driven by warehouse consolidation due to GST implementation and the growth across end-user industries such as e-commerce, organized retailing, consumer durables, auto components and pharmaceuticals as well as cold storage industries.

We commenced the storage solutions business in 2012 and have rolled out storage solutions for our customers in the FMCG, E-commerce, food and beverages, third party logistics, pharmaceutical and electronics sectors. Our storage business has grown at a CAGR of 204.22% from Fiscal 2018 to Fiscal 2020 and contributed 5.72% and 4.91% of our revenues from operations in the six months ended September 30, 2020 and Fiscal 2020, respectively. We expect the storage business to continue its growth trajectory and become an independent business segment over the next few years.

In order to backward integrate and enhance capabilities in this space, we have recently set up a new unit in Pune in 2019, with high end fully automated equipment from Italian and Swiss manufacturers. This facility enables us to service the storage solutions market, catering to customers across India. Our facility in Pune is strategically located on a major national highway which connects Mumbai Metropolitan Region and will benefit from initiatives undertaken by the Government of India such as the road and highways project 'Bharatmala Pariyojna'. We will benefit from being in close proximity from emerging distribution and warehousing hubs such as Bhiwandi, which is a major warehousing location and our proximity to steel reprocessing centres which reduces our inward freight and other transportation costs This will allow us to provide our storage solutions in a timely and cost effective manner.

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". 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. We intend to focus on building brand visibility for V-Store through various marketing and brand building initiatives through the print and digital media. We are also proposing to enter into the automated storage systems, which is currently provided by only a few players in India. Automated storage systems require high precision racking, which we are capable of providing from our facility in Pune. We plan to leverage our special purpose mission building expertise and our automation expertise to expand our presence in the automated storage system solutions.

Continue to reduce operating costs and improve operational efficiencies.

Offering quality products at attractive prices is a key aspect of maintaining and expanding our relationships with our customers. We intend to continue enhancing our operational efficiencies, to increase economies of scale, better absorb our fixed costs, reduce our other operating costs and strengthen our competitive position. We would focus on improving capacity utilization at our production facilities, through increase in our overall production volumes.

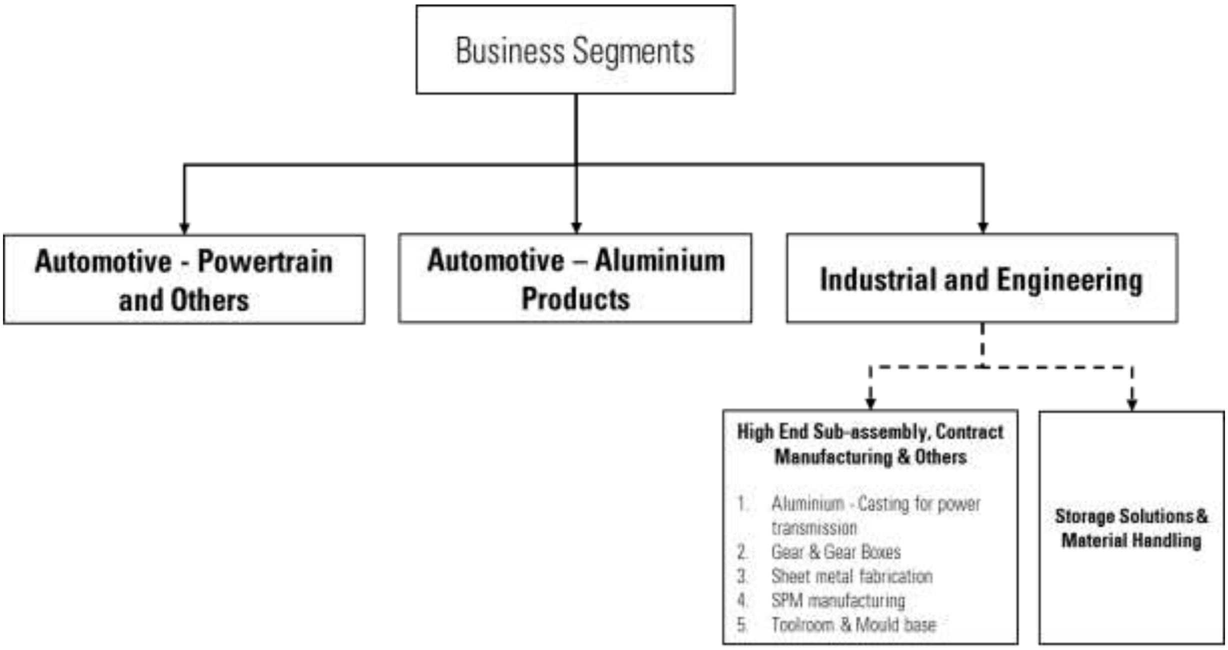
We have, in the past and intend to in the future, continue using a variety of other manufacturing strategies and cost reduction strategies to continue to improve our operational efficiencies. For example, to meet the growing demand from our customers, we have invested in our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity and scale of our business without incurring significant incremental costs in the future. Our capital expenditure was ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

We intend to leverage our large size and scale to produce greater volumes of products from each of our plants and spread our fixed costs, which relate primarily to the machinery and equipment required to produce components and to fixed labour costs, more widely to reduce our production costs on a per unit basis, allowing us to reduce our unit sales price and increase our competitiveness.

We avail of a majority of our fund-based and non-fund based facilities in the ordinary course of business from various banks and financial institutions. As part of our strategy, we intend to prepay/ repay, in full or part, of certain our outstanding indebtedness. This 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. For further details, see "***Objects of the Offer - Details of the Objects of the Fresh Issue - Repayment/pre-payment, in full or part, of certain borrowings availed of by our Company***" on page 78.

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 business segments are as set out below:



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 Fiscals 2020, 2019 and 2018, see "– ***Overview***" on page 167.

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 BS VI emission norms by the Government of India in April 2020, focus on infrastructure, commissioning of dedicated freight corridors, implementation of GST and market potential for automobile manufacturers. Commercial vehicles, tractors, small utility vehicles and construction equipment account for about 30%, 21%, 42% and 7% of the total market share powertrain and transmission products. The domestic sales for commercial vehicles segment, passenger vehicles segment and tractor segment are expected to grow at 5% to 7% CAGR, 5% to 7% CAGR and 4% to 6% CAGR, respectively, during Fiscal 2020 to Fiscal 2024, while the powertrain sector is expected to grow at 12% to 14% 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, Escorts, Ashok Leyland, Perkins, Nelcast, Mitsubishi Heavy Industries, John Deere and JCB India.

Our revenue from this segment was ₹ 2,571.10 million, ₹ 7,092.90 million, ₹ 10,084.99 million and ₹ 8,708.82 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, while our EBITDA from this was ₹ 899.74 million, ₹ 2,533.24 million, ₹ 3,392.88 million and ₹ 2,438.85 million for the same period.

The following table sets forth certain information relating to our capacity utilization of our manufacturing facilities for our Automotive – Powertrain and Others segment, calculated on the basis of total installed production capacity and actual production as of/ for the periods indicated below:

Installed Production Capacity and Capacity Utilization as at and for									
Location	Fiscal 2020			Fiscal 2019			Fiscal 2018		
	Installed Capacity in No's	Actual Production in No's	% Utilization	Installed Capacity in No's	Actual Production in No's	% Utilization	Installed Capacity in No's	Actual Production in No's	% Utilization
Bangalore	280000	220669	79%	180000	157552	88%	5000	2719	54%
Coimbatore	3782000	2721201	72%	3486000	3033105	87%	3470000	3301220	95%
Faridabad	315000	249323	79%	295000	263840	89%	257500	231369	90%
Jamshedpur	615000	362114	59%	875000	775220	89%	755000	690105	91%
Pithampur	420000	310529	74%	530000	480966	91%	255300	230314	90%
Pune	955000	640917	67%	985000	883156	90%	854000	767387	90%
Sriperumputhur	759000	543589	72%	749000	692500	92%	669000	613673	92%
Over all	**7126000**	**5048342**	**71%**	**7100000**	**6286339**	**89%**	**6265800**	**5836787**	**93%**

* *As certified by Er. K. Sivakumar, Chartered Engineer, by certificate dated December 7, 2020.*

* *The key general purpose machine were influencing the production capacity and it can be interchangeable within above segment.*

* *The installed capacity for the above have been arrived based on the past production mix in the respective segment/year.*

* *Due to some share of revenue arrived from the sale of services like machining charges also, capacity may undergo change according to the nature of business services and product.*

In our Automotive – Powertrain and Others segment, our capital expenditure for the six months ended September 30, 2020, Fiscals 2020, 2019 and 2018 were ₹ 44.93 million, ₹ 137.51 million, ₹ 1,502.42 million and ₹ 424.42 million, respectively, accounting for 1.75%, 1.94%, 14.90% and 4.87% of our total revenue from Automotive – Powertrain and Others segment for those periods respectively.

Automotive – Aluminium Products

Our key products in our Automotive – Aluminium Products segment include highly engineered and include crank case and cylinder blocks for two wheelers, engine and structural parts for passenger vehicles and gear box housing for heavy commercial vehicle.

Growth drivers in the Automotive – Aluminium Products segment include the usage of non-ferrous metals like aluminium to reduce the weight of vehicles, growth in automobile sales and cost competitiveness. In line with automotive demand, the aluminium castings market is estimated to grow at a CAGR of 3-5% to reach 0.45-0.55 million MT by Fiscal 2024 in terms of tonnage. The aluminium casting market is expected to record a CAGR of 6-8% to reach ₹ 220-225 billion by Fiscal 2024 in terms of value. *(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 TVS Motors.

Our revenue from this segment has increased at a CAGR of 4.65%, from ₹ 2,353.15 million in Fiscal 2018 to ₹ 2,576.90 million in Fiscal 2020, while our EBITDA from this segment has increased at a CAGR of 33.61%, from ₹ 240.33 million in Fiscal 2018 to ₹ 429.01 million in Fiscal 2020.

The following table sets forth certain information relating to our capacity utilization of our manufacturing facilities for our Automotive – Aluminium Products segment, calculated on the basis of total installed production capacity and actual production as of/ for the periods indicated below:

Installed Production Capacity and Capacity Utilization as at and for									
Location	Fiscal 2020			Fiscal 2019			Fiscal 2018		
	Installed Capacity in Tons	Actual Production in Tons	% Utilization	Installed Capacity in Tons	Actual Production in Tons	% Utilization	Installed Capacity in Tons	Actual Production in Tons	% Utilization
Coimbatore	8080	4955	61%	7140	6067	85%	6060	5837	96%
Banglore	10840	8375	77%	10840	9620	89%	5170	2158	42%
Overall	**18920**	**13330**	**70%**	**17980**	**15687**	**87%**	**11230**	**7995**	**71%**

* *As certified by Er. K. Sivakumar, Chartered Engineer, by certificate dated December 7, 2020.*

* *The key general purpose machine were influencing the production capacity and it can be interchangeable within above segment.*

* *The installed capacity for the above have been arrived based on the past production mix in the respective segment/year.*

* *Due to some share of revenue arrived from the sale of services like machining charges also, capacity may undergo change according to the nature of business services and product.*

* *In a die casting machine, the production part weight will be vary based on product and the die configuration. Production part weight can also be changed based on customer demand.*

In our Automotive – Aluminium Products segment, our capital expenditure for the six months ended September 30, 2020, Fiscals 2020, 2019 and 2018 were ₹ 19.90 million, ₹ 792.23 million, ₹ 1,728.40 million and ₹ 834.90 million, respectively, accounting for 1.89%, 30.74%, 56.09% and 35.48% of our total revenue from Automotive – Aluminium Products segment for those periods respectively.

Industrial & Engineering Segment

Our revenue across our two sub-segments under our Industrial and Engineering segment, for the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, is as follows:

(in ₹ million)

Sub-segments	Six months ended September 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
Storage solutions	305.41	732.10	263.32	79.10
High-end precision products	1,409.07	4,522.75	4,750.26	3,974.24
Total	**1,714.48**	**5,254.85**	**5,013.58**	**4,053.34**

Our revenue from this segment has increased at a CAGR of 13.86%, from ₹ 4,053.34 million in Fiscal 2018 to ₹ 5,254.85 million in Fiscal 2020, while our total EBITDA from this segment has increased at a CAGR of 68.83%, from ₹ 461.25 million in Fiscal 2018 to ₹ 1,314.71 million in Fiscal 2020.

The following table sets forth certain information relating to our capacity utilization of our manufacturing facilities for our Industrial & Engineering segment, calculated on the basis of total installed production capacity and actual production as of/ for the periods indicated below:

Installed Production Capacity and Capacity Utilization as at and for									
Location	Fiscal 2020			Fiscal 2019			Fiscal 2018		
	Installed Capacity	Actual Production	% Utilization	Installed Capacity	Actual Production	% Utilization	Installed Capacity	Actual Production	% Utilization
Gear & Gear Box (in No's)	73800	57653	78%	73200	62494	85%	73200	59467	81%
Mouldbase (in No's)	1248	1036	83%	1308	916	70%	1113	801	72%
Toolroom (in No's)	218	158	72%	218	156	72%	210	147	70%
Foundry (in Tons)	4200	1196	28%	4200	1678	40%	4200	2252	54%
SPM (in No's)	42	31	74%	42	39	93%	33	28	85%
Equipment (in Tons)	6000	4200	70%	6000	3600	60%	6000	4000	67%
Hoist (in No's)	3000	1367	46%	3000	1936	65%	3000	1305	44%
Pune unit 4 (in Tons)	24000	8400	35%	0	0	0	0	0	0
Total (in Nos)	**78308**	**60245**	**77%**	**77768**	**65541**	**84%**	**77556**	**61748**	**80%**
Total (in Tons)	**34200**	**13796**	**40%**	**10200**	**5278**	**52%**	**10200**	**6252.2**	**61%**

* *As certified by Er. K. Sivakumar, Chartered Engineer, by certificate dated December 7, 2020.*

* *The key general purpose machine were influencing the production capacity and it can be interchangeable within above segment.*

* *The installed capacity for the above have been arrived based on the past production mix in the respective segment/year.*

* *Due to some share of revenue arrived from the sale of services like machining charges also, capacity may undergo change according to the nature of business services and product.*

* *Industrial and Engineering segment involves manufacture of components/parts for various segments and as such production process can be arrived at only based on machine hours, which has been provided in the table above. The unit /numbers are based on the item and related cycle time for processing that specific part.*

In our Industrial & Engineering segment, our capital expenditure for the six months ended September 30, 2020, Fiscals 2020, 2019 and 2018 were ₹ 22.75 million, ₹ 206.99 million, ₹ 1,102.34 million and ₹ 188.71 million, respectively, accounting for 1.33%, 3.94%, 21.99% and 4.66% of our total revenue from Industrial & Engineering segment for those periods respectively.

Storage solutions sub-segment

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 e-commerce, organised retailing, consumer durables, auto components and pharmaceuticals as well as cold storage industries. The market size of the organized storage solutions industry, comprising pallets, racking and shelving, is estimated at ₹ 22 billion as of Fiscal 2020. The storage solutions industry grew at a CAGR of 14-16% over Fiscals 2016 to 2020 and is estimated to record a CAGR of 19-21% over the next three years to reach ₹ 38 billion in Fiscal 2024 from ₹ 21 billion in Fiscal 2021, on account of incremental ambient warehouse addition and rise in the share of organised warehousing players due to GST implementation by the GoI. (*Source: CRISIL Report*)

We have supplied our storage solutions to major customers in India. 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. 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.

We have recently set up a new unit in Pune in 2019 with high end fully automated equipment from Italian and Swiss manufacturers, which enables us to service the storage solutions market, catering to customers across India.

High-end precision products sub-segment

Under our high end precision products sub-segment, we manufacture aluminium products for power transmission, high-end precision products and undertake sub-assembly, material handling equipment such as hoists, crane kits and industrial gears, manufacture gear and gear boxes, marine engines and accessories.

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.

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 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. Demand for industrial castings used in power transmission grew at a CAGR of 2-4% over Fiscals 2016 to 2020 to ₹ 15 billion. The decline in investment is expected to impact demand in the casting industry for the year. According to CRISIL Report, a 20% decline in industrial castings market is estimated in Fiscal 2021 to ₹ 11-13 billion. However, investments are expected to rebound from Fiscal 2022, supporting demand in the casting industry. The industry is expected to reach ₹ 18-20 billion, recording a 4-6% CAGR during Fiscals 2020 to 2024. *(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.

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.

According to CRISIL Report, the hoist market in India was ₹ 6-8 billion as of Fiscal 2020. Among hoists, chain hoists account for approximately ₹ 1-2 billion, while rope hoists account for approximately ₹ 5-6 billion. Unit-wise requirement of chain hoists is higher as they have a lower replacement cycle (three to five years), compared with rope hoists (and ready crane kits), which are usually replaced after five to seven years.

The crane industry is estimated to reach ₹ 24-26 billion by Fiscal 2024, growing at a CAGR of 5-7% between Fiscals 2020 and 2024. This growth is expected to be fuelled by continued investments in the end user segments, and in turn, capacity expansion by players to cater to the sustained demand growth in the underlying industries such as automobiles, metal and power industries. (*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 200.

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 steel products, material handling equipment, elevators and wind power capacity additions. The domestic market for industrial gears and gearboxes is estimated to have recorded a CAGR of 4-5% from ₹ 39 billion in Fiscal 2015 to reach ₹ 50 billion in Fiscal 2020 and is estimated to record 5-6% CAGR over Fiscals 2020-2024 to reach ₹ 62-64 billion in Fiscal 2024. *(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, grinding, 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, entry of new players in the utility vehicles, rise in sale of medium and heavy commercial vehicles due to improvement in industrial activity and the government's focus on infrastructure. *(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, 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 mould base, plastic moulding tools, dies, sheet metal casing and housings. Our products in this sub-segment cater to diversified industries including engineering and automotive sector.

The tool room industry is estimated to have grown at a CAGR of around 6% to 7% between Fiscals 2017 and Fiscal 2019, supported by a 10% CAGR in demand from its primary segment, i.e. automotive, and 6% CAGR from consumer appliances. According to CRISIL Report, over the next three years, the demand for tools are forecast to gradually pick, with the market size of the tooling industry estimated to reach between ₹ 185 billion to ₹ 190 billion by Fiscal 2024, which is approximately between 4-6% CAGR growth from Fiscal 2020.

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.

Manufacturing Facilities

** Map not to scale*

We own and operate 12 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 our customers, and to insulate them from local supply or other disruptions.

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 machines manufacturing; 5. Material lifting products; 6. High pressure die casting foundry (high pressure die casting, low	Owned	2003

S. No.	Facility location	Capabilities/ Divisions	Leased/owned	Year of Commissioning
		pressure die casting and gravity die casting); 7. Sand foundry 8. High end sub-assemblies; 9. Precision parts; 10. Storage products; 11. Jigs and fixtures; 12. Equipment (sheet metal fabrication and storage); 13. Marine engines and products; and 14. Industrial aluminium products (power transmission, railway, oil and gas, etc. and other industrial products)		
B.	**Integrated Facilities**			
1.	Pimple Jagtap, Pune - IV	1. Storage products; and 2. Machining and assembly	Leased	2018
2.	Bengaluru – II	1. Special machines manufacturing	Leased	2019
3.	Bengaluru – I	1. Pressure die casting foundry; and 2. Machining and assembly	Leased	2015
C.	**Satellite Facilities**			
1.	Kurichi, Coimbatore	Aluminium foundry	Owned/ Leased	2001
2.	Sanaswadi, Pune - II	Machining and assembly	Leased	2014
3.	Sanaswadi, Pune - III	Machining and assembly	Leased	2011
4.	Ballabgarh, Faridabad - I	Machining and assembly	Leased	2011
5.	Ballabgarh, Faridabad - II	Machining and assembly	Leased	2018
6.	Sriperumbudur	Machining and assembly	Leased	2010
7.	Jamshedpur	Machining and assembly	Leased	2007
8.	Pithampur	Machining and assembly	Leased	2005

Quality Assurance

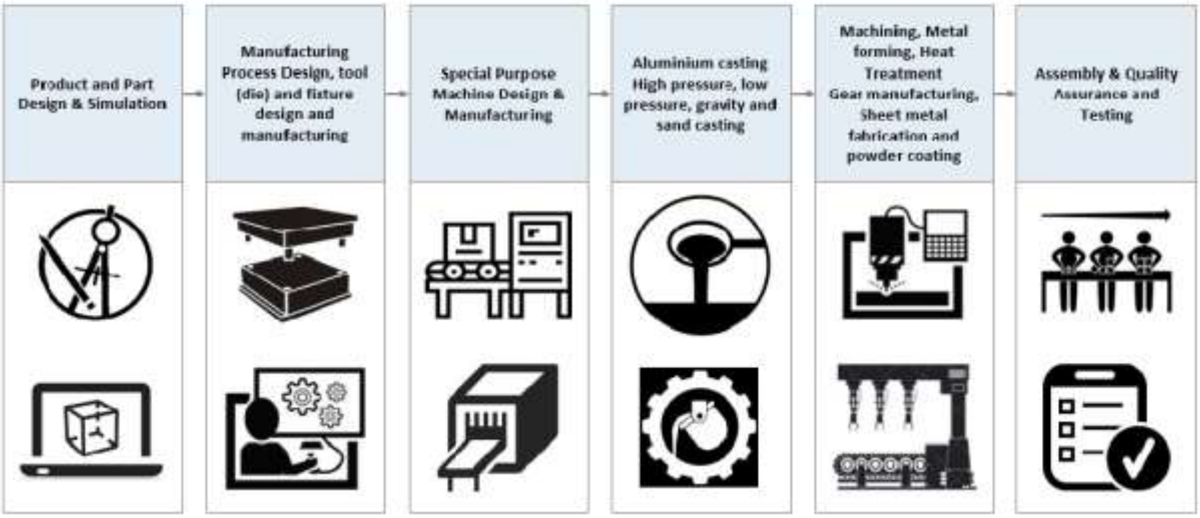
We are certified for international quality management systems such as ISO 9001:2008, ISO/TS 16949:2009, SO 14001 2004 by TUV Nord, and have implemented environmental management system ISO 14001:2004.

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.

Additionally, the risk of raw material cost fluctuations is limited, especially in powertrain machining as our customers provide the castings, for which we only do the machining. For our customers with long term arrangements, we are provided with forecasts of annual business volumes, which enable us to predict the volume of raw materials that we need to procure.

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 also entered into contracts for the purchase of interstate power from power exchange. 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 a customer oriented business, we have a marketing and business development team, comprising 30 full time employees as of October 31, 2020, who are responsible for selling our industrial and engineering products.

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.

Awards and Recognitions

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 “Quality Excellence Award” at GE India Supplier Conference, “Quality Excellence Award” at TATA Motors Annual Supplier Conference 2019, “Best Product Development Performance - Marazzo” at Mahindra Supplier Excellence Awards, “Best Product Development Performance - Furio” at Mahindra Supplier Excellence

Awards, “Certificate of Excellence in Partnership” from Daimler India, “Suppliers Excellence Award for New Product Development” from Faiveley Transport, “Award for Quality” from Tata Motors at Annual Supplier Conference 2018, “Certificate of Appreciation” from Ashok Leyland for persistent efforts in maintaining higher levels of capability and performance for two consecutive quarters, “Certificate of Excellence in machining category” award by BEML Limited in recognition of outstanding performance in supply of material during the year 2015-16 and 2016-17 in Fiscal 2019, the “Annual Commodity Award in casting and forging for automotive division” by Mahindra & Mahindra in recognition of superior performance for Fiscal 2018, the “Appreciation for best overall performance award” in Fiscal 2018 by Siemens and “Recognition for Outstanding Business Alignment for Defence Business” award in Fiscal 2018 by Ashok Leyland.

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 our human resources department.

As on October 31, 2020, we had a large workforce of 3,571 employees. The following table illustrates the breakdown of the numbers of our employees by function:

S. No.	Function	As of October 31, 2020
1.	Management staff	249
2.	Permanent workmen	1,383
3.	Apprentices	737
4.	Contract workmen	1,202
	Total	**3,571**

Information Technology

Our IT systems are vital to our business. We have implemented the Oracle E Business Suite in 2013, recently upgraded in 2019, 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 centre 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 business interruption (fire), burglary, product liability, public 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 42.

Property

Our Company's registered and corporate office is located at Senthel Towers, IV Floor, 1078, Avinashi Road, Coimbatore 641 018, Tamil Nadu, India, which is on lease, pursuant to a lease deed dated March 17, 2020. This lease deed is valid for a period of three years.

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 182.

Further, we have a marketing and product development office at Chennai, which is 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 332.

Corporate Social Responsibility ("CSR")

Our CSR initiatives are aligned with the requirements under the Companies Act 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. We strive to meet our commitment towards the community by committing our resources and energies to social development. Our focus areas include education, environment, health and sports promotion.

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 95.

Impact of COVID-19 on our business operations

The current outbreak of the COVID-19 pandemic has adversely impacted the global economy. The World Health Organization declared the outbreak of COVID-19 as a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020. On March 14, 2020, India declared COVID-19 as a "notified disaster" and imposed a nationwide lockdown announced on March 24, 2020 to control the spread of COVID-19. According to the CRISIL Report, this, coupled with the effects of a troubled global economy, resulted in the worst ever real GDP contraction on record of 23.9% on-year in the first quarter of Fiscal 2020. According to the CRISIL Report, the COVID-19 curve appears to be flattening in India, with high frequency data in September evidencing improving economic conditions.

Our business operations were temporarily disrupted on account of the temporary shutdown of our offices and our manufacturing facilities pursuant to the directives from the central/ local authorities. The spread of COVID-19 caused us to modify some of our business practices, including implementation of a work from home regime for certain executives, to the extent possible, and cancellation of physical participation in certain meetings, events and conferences, or substitution of virtual participation. During the period of the lockdown, we continued paying salaries/ wages to all employees and outsourced manpower. We resumed operations at our manufacturing facilities in a phased manner as per the Government of India and state government's directives after making arrangements to meet the government's requirements on sanitisation, people movement and social distancing. We have published and implemented preventive measures for COVID-19, including in terms of our interactions with customers and suppliers.

The future impact of COVID-19 or any other severe communicable disease, lockdown or other such event on our business and results of operations depends on several factors including those discussed in "***Risk Factors - The extent to which the coronavirus disease (COVID-19) affects our business, results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted.***" on page 22.

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. 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 332.*

Industry specific legislations

Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards Act, 2016, as amended (the "**Bureau of Indian Standards Act**"), provides for the establishment of bureau for the standardization, 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 goods, article, process, system or service 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 goods, article, process, system or service in relation to which the standard mark has been used conforms to the Indian standard or whether the standard mark has been properly used in relation to any article or process with or without a license.

Bureau of Indian Standards Rules, 2018

The Bureau of India Standards Rules, 2018 (the "**Bureau of Indian Standards Rules**") have been notified, in supersession of the Bureau of Indian Standards Rules, 1987, in so far as they relate to Chapter IV A of the said rules relating to registration of the articles notified by the Central Government, and in supersession of the Bureau of Indian Standards Rules, 2017 except in relation to things done or omitted to be done before such supersession. Under the Bureau of Indian Standards Rules, the bureau is required to establish Indian standards in relation to any goods, article, process, system or service and shall reaffirm, amend, revise or withdraw Indian standards so established as may be necessary.

Steel and Steel Products (Quality Control) Order, 2020

The Steel and Steel Products (Quality Control) Order, 2020, as amended (the "**Quality Control Order 2020**"), was notified by the Ministry of Steel, Government of India, to bring 120 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 2020. The Quality Control Order 2020 further provides that every steel and steel products stated therein shall bear the standard mark under a license from Bureau of Indian Standards as provided in Bureau of Indian Standards (Conformity Assessment) Regulations, 2018.

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 or undertakings 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, 2017, as amended (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, as amended, (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. Due to the COVID-19 pandemic, the Government of India has continued to grant relief under various export promotion schemes by granting extension of the existing Foreign Trade Policy (2015-2020) by one year i.e. up to March 31, 2021.

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 a manufacturing process is carried on with the aid of power or any premises where at least twenty workers are employed, and where a manufacturing process is carried on without the aid of power. 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) Contract Labour (Regulation and Abolition) Act, 1970.
(ii) Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
(iii) Employees' State Insurance Act, 1948.
(iv) Minimum Wages Act, 1948.
(v) Payment of Bonus Act, 1965.
(vi) Payment of Gratuity Act, 1972.
(vii) Payment of Wages Act, 1936.
(viii) Maternity Benefit Act, 1961.
(ix) Industrial Disputes Act, 1947.

(x) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
(xi) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
(xii) The Industries (Development and Regulation) Act, 1951.
(xiii) Employees' Compensation Act, 1923.
(xiv) The Industrial Employment Standing Orders Act, 1946.
(xv) The Child Labour (Prohibition and Regulation) Act, 1986.
(xvi) The Equal Remuneration Act, 1976.
(xvii) The Trade Unions Act, 1926 and the Trade Union (Amendment) Act, 2001.
(xviii) Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996.
(xix) The Code on Wages, 2019*.
(xx) The Occupational Safety, Health and Working Conditions Code, 2020**.
(xxi) The Industrial Relations Code, 2020***.
(xxii) The Code on Social Security, 2020****.

**The Government of India enacted 'The Code on Wages, 2019' which received the assent of the President of India on August 8, 2019. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.*

***The Government of India enacted 'The Occupational Safety, Health and Working Conditions Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.*

****The Government of India enacted 'The Industrial Relations Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.*

*****The Government of India enacted 'The Code on Social Security, 2020 which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008.*

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

The Environment Protection Act, 1986, as amended (the "**Environment Act**") has been enacted for the protection and improvement of the environment. The Environment Act empowers the Government of India 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 Government of India may make rules for regulating environmental pollution.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, as amended (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/authorization 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. However, an entity is exempted from obtaining an authorization under the Hazardous Waste Rules if it has obtained consent to establish, or operate, under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981.

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, along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, and the consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time (the "**Consolidated FDI Policy**"). Under the current Consolidated FDI Policy, 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. Failure to mention IEC number attracts a penalty of not less than ₹ 10,000 and not more than five times the value of the goods or services or technology in respect of which any contravention is made or is attempted to be made, whichever is made.

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.

Further, the Income-tax Act, 1961 (the "**Income Tax 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 Income Tax 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 Income Tax 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.

In addition to the above, our Company is subject to various laws and regulations such as the Petroleum Act, 1934, fire acts of various states, state laws under the Industrial Establishments (National and Festival Holidays) Act, 1965 and the provisions of the Companies Act 2013 and rules framed thereunder, and other applicable statutes imposed by the Government of India or the state governments and authorities for our day-to-day business and operations.

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.

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, IV 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

The following changes have been made to our Memorandum of Association in the last 10 years:

Date of change/Shareholders' resolution	Nature of amendment
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 193.

Major events in the history of our Company

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 Europe B.V. (formerly known as 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"
2019	• Commissioned third satellite unit in Pune and second satellite units in Bengaluru and Faridabad • Malumichampatti unit-5 shifted to Arasur unit-3
2020	• Initiated winding up process of our Subsidiary, Craftsman Automation Singapore Pte. Ltd.

Awards and Accreditations

Fiscal	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 & Mahindra Limited • 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 the "*Suppliers Summit -2018" award* in recognition of outstanding business alignment for defense business from Ashok Leyland • Received "*Appreciation for Best Overall Performance Award*" by Siemens
2019	• Received "*Certificate of Excellence in machining category Award*" from BEML Limited in recognition of outstanding performance in supply of material during the year 2015-16 and 2016-17

Fiscal	Details
	• Received "*Annual Commodity Award in casting and forging for automotive division*" by Mahindra & Mahindra in recognition of superior performance for Fiscal 2018 • Received "*Suppliers Excellence Award for New Product Development*" from Faiveley Transport • Received "*Award for Quality*" from Tata Motors at Annual Supplier Conference 2018 • Received "*Certificate of Appreciation*" from Ashok Leyland for persistent efforts in maintaining higher levels of capability and performance for two consecutive quarters • Received "*Award for Best Quality*" from Escorts group at Suppliers Meet 2018 • Received "*Recognition of Supply Chain Partnership*" by Royal Enfield at Supplier Meet 2018 • Received "*Certificate of Appreciation*" for persistent efforts in maintaining higher levels of capability and performance and being in Quad A for quarter 2 of Fiscal 2019 by Ashok Leyland • Received "*Certificate of Appreciation*" for persistent efforts in maintaining higher levels of capability and performance and being in Quad A for quarter 3 of Fiscal 2019 by Ashok Leyland
2020	• Received "*Certificate of Excellence in Partnership*" from Daimler India Commercial Vehicles Private Limited • Received "*Best Product Development Performance - Furio*" at Mahindra Supplier Excellence Awards • Received "*Best Product Development Performance - Marazzo*" at Mahindra Supplier Excellence Awards • Received "*Quality Excellence Award*" at TATA Motors Annual Supplier Conference 2019 • Received "*Quality Excellence Award*" at GE India Supplier Conference • Received "*Annual Supplier Conference Award*" by JCB • Received the status of "*Self-Certified Supplier*" for the cover rocker component being supplied to Mitsubishi Heavy Industries – VST Diesel Engines Private Limited for the period between April 1, 2019 to March 31, 2020 • Received recognition award from the Principal Commissioner of GST & Central Excise Coimbatore • Received "*Star Performer for 2017-18*" for miscellaneous transport equipment and parts (large enterprise) from Engineering Export Promotion Council of India
2021	• Received "*Certificate of Appreciation*" from Siemens for zero defect quality culture and qualification for "*Gold*" category for performance in Fiscal 2020

Time/cost overrun

Except as disclosed in "***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.***" and "***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.***" on pages 36 and 37, respectively, as on the date of this Draft Red Herring Prospectus, there have been no time/cost overruns in setting up our projects.

Defaults, rescheduling or restructuring of borrowings with financial institutions/banks

As on the date of this Draft Red Herring Prospectus, there has been no default, rescheduling or restructuring of borrowings with financial institutions or banks.

Significant strategic and financial partnerships

As on the date of this Draft Red Herring Prospectus, our Company does not have any significant strategic or financial partners.

Capacity/facility creation, location of plants

For details regarding capacity/facility creation and location of the plants of our Company, see "***Business***" and "***- Major events in the history of our Company***" on pages 167 and 195, respectively.

Launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see "***Business***" and "***- Major events in the history of our Company***" on pages 167 and 195, respectively.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, revaluation of assets, etc. in the last 10 years

Our Company has not made any material acquisitions or divestments of any business or undertaking. Except as stated below, our Company has not undertaken any mergers, amalgamation or revaluation of assets in the last ten years preceding the date of this Draft Red Herring Prospectus. Pursuant to the adoption of Ind AS by our Company with effect from April 1, 2015, a revaluation reserve aggregating to ₹ 554.23 million was created due to land revaluation on transition date to Ind AS, being April 1, 2015 and such reserve will not be available for distribution of profits. For more details, see "***Financial Statements***" on page 224.

Shareholders' Agreements and Other Agreements

Key terms of subsisting shareholders' 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 read with supplementary letter to the waiver letter dated November 30, 2020 (the "**Waiver Letter**").

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), Part B of our Articles of Association (which is applicable until the listing and commencement of trading of Equity Shares on the Stock Exchanges pursuant to the Offer) and the terms of the Waiver Letter, each of the two Investors are 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) prior to the Offer pursuant to the respective share subscription agreements entered into by them with our Company 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 370.

Agreements with Key Managerial Personnel, Directors, Promoter or any other employees

There are no agreements entered into by Key Managerial Personnel, our Directors, our Promoter or any other employee of our Company, either by them or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Guarantees provided by our Promoter

As of the date of this Draft Red Herring Prospectus, our Promoter has issued guarantees to third parties. These guarantees are in the nature of personal guarantees and have been issued towards contractual obligations in terms of the borrowing arrangements entered into by our Company with its lenders.

These guarantees are typically effective for a period the underlining loan is repaid by the respective borrower. The financial implications in case of default by the relevant borrower would entitle the lenders to invoke the personal guarantee given by our Promoter to the extent of outstanding loan amount. For further information, see "***Objects of the Offer***" and "***Financial Indebtedness***" on pages 77 and 324, respectively.

Key terms of other subsisting material agreements

Except as stated below, our Company has not entered into any other subsisting material agreements including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of business of our Company:

1. 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.

2. ***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. Presently, our Company holds 600,000 equity shares aggregating to 30.00% of the total equity share capital of Carl Stahl Craftsman Enterprises Private Limited.

3. ***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.

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 i.e. Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.) and Craftsman Automation Singapore Pte. Ltd. The Board of Directors passed a resolution on August 20, 2019 to wind up Craftsman Automation Singapore Pte. Ltd. However, the process of winding up could not be initiated due to the outbreak of COVID-19 pandemic. Subsequently, Craftsman Automation Singapore Pte. Ltd. filed a declaration of solvency dated September 30, 2020 with the Accounting and Corporate Regulatory Authority, Singapore on October 6, 2020. The winding up of Craftsman Automation Singapore Pte. Ltd. is under process. As on September 30, 2020, Craftsman Automation Singapore Pte. Ltd. was not operational.

1. ***Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.)***

Corporate Information

Craftsman Europe B.V. was incorporated on June 3, 2008 under the laws of the Kingdom of the Netherlands as Craftsman Marine B.V. The name was changed from Craftsman Marine B.V to Craftsman Europe B.V. with effect from October 28, 2019. The registered office of Craftsman Europe B.V. is located at Pascalstraat 88, 3316 GR, Dordrecht, The Netherlands.

Nature of Business

Craftsman Europe 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.

Capital Structure

The issued and subscribed share capital of Craftsman Europe B.V. is € 28,90,000.00 divided into 28,900 shares of nominal value of € 100 each.

Shareholding

The following table sets forth the details of the shareholding of Craftsman Europe B.V.:

S. No.	Name of the shareholder	Number of shares	Percentage of total shareholding
1.	Craftsman Automation Limited	28,900	100.00

Accumulated profits or losses not accounted for by our Company

There are no accumulated profits or losses of Craftsman Europe B.V. not accounted for by our Company.

2. Craftsman Automation Singapore Pte. Ltd.

Corporate Information

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. has filed a declaration of solvency dated September 30, 2020 with the Accounting and Corporate Regulatory Authority, Singapore on October 6, 2020. The winding up of Craftsman Automation Singapore Pte. Ltd. is under process. As on September 30, 2020, Craftsman Automation Singapore Pte. Ltd. was not operational.

Nature of Business

Craftsman Automation Singapore Pte. Ltd. was engaged in the business of trading and operating as a sourcing agent for our Company.

Capital Structure

The total share capital and the issued share capital is SGD 100,000 divided into 767,000 equity shares with the value of SGD 1 each.

Shareholding

The following table sets forth the details of the shareholding of Craftsman Automation Singapore Pte. Ltd.:

S. No.	Name of the shareholder	Number of equity shares	Percentage of total shareholding
1.	Craftsman Automation Limited	767,000	100.00

Accumulated profits or losses not accounted for by our Company

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 i.e. Carl Stahl Craftsman Enterprises Private Limited. For more details see "***Promoter, Promoter Group and Group Companies***" on page 218.

Confirmations

Listing

As on the date of this Draft Red Herring Prospectus, none of our Subsidiaries is listed in India or abroad. Accordingly, none of our Subsidiaries has been refused listing during the last 10 years or failed to meet listing requirements by any stock exchanges in India or abroad.

Common Pursuits

Except as disclosed in "***Business***" and "***Financial Statements***" on pages 167 and 224, respectively, as on the date of this Draft Red Herring Prospectus, none of our Subsidiaries has:

i. any business interest in our Company;

ii. common pursuits with our Company; and

iii. related business transactions with our Company.

As on the date of this Draft Red Herring Prospectus, there are no unsecured loans taken by our Subsidiaries that can be recalled by the lenders at any time.

As on the date of this Draft Red Herring Prospectus, there has been no default in repayment of deposits or payment of interest or rollover of liability by our Subsidiaries.

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 six Directors.

Our Board

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

Name, date of birth, designation, address, occupation, nationality, term, period of directorship and DIN	Age (in years)	Other Directorships
Srinivasan Ravi *Date of birth:* March 18, 1963 *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 *Term:* Five years with effect from October 1, 2016 *Period of directorship:* Since incorporation of our Company *DIN:* 01257716	57	*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 Europe B.V. (formerly known as Craftsman Marine B.V.)
Ravi Gauthamram *Date of birth:* April 13, 1988 *Designation:* Whole-time Director *Address:* Old No. 153, New No. 209, Tea Estate Compound, Race Course, Coimbatore 641 018, Tamil Nadu, India. *Occupation*: Business *Term:* Five years with effect from October 1, 2016 *Period of directorship:* Since February 20, 2014 *DIN:* 06789004	32	*Indian private companies* 1. MC Craftsman Machinery Private Limited. *Indian public companies* Nil *Foreign companies* Nil
Udai Dhawan *Date of birth:* January 17, 1973 *Designation:* Nominee Director *Address:* 46, 2nd Floor, Poorvi Marg, Vasant Vihar, New Delhi 110 057, India. *Occupation*: Service *Term:* Appointed with effect from April 28, 2017. Not liable to retire by rotation *Period of directorship:* Since November 25, 2016 *DIN:* 03048040	47	*Indian private companies* 1. Tek Travels Private Limited; 2. Affirma Capital Investment Adviser India Private Limited; and 3. Prodapt Solutions Private Limited. *Indian public companies* 1. Redington (India) Limited; 2. Prime Focus Limited; 3. Varun Beverages (International) Limited; and

Name, date of birth, designation, address, occupation, nationality, term, period of directorship and DIN	Age (in years)	Other Directorships
		4. Tirupati Medicare Limited. *Foreign companies* Nil
Chandrashekhar Madhukar Bhide *Date of birth:* July 12, 1948 *Designation:* Independent Director *Address:* 104, Ajay Apartments, T. H. Kataria Marg, Mahim, Mumbai 400 016, Maharashtra, India. *Occupation*: Business *Term:* Five years with effect from May 24, 2018 *Period of directorship:* Since January 31, 2011 *DIN:* 00027967	72	*Indian private companies* Nil *Indian public companies* Nil *Foreign companies* Nil
Sundararaman Kalyanaraman *Date of birth:* March 25, 1950 *Designation:* Independent Director *Address:* S-31, Kirloskar Colony, 3rd Stage, Basaveshwara Nagar, Bengaluru 560 079, Karnataka, India. *Occupation*: Professional *Term:* Five years with effect from May 24, 2018 *Period of directorship:* Since June 30, 2017 *DIN:* 01252878	70	*Indian private companies* Nil *Indian public companies* Nil *Foreign companies* Nil
Vijaya Sampath *Date of birth:* May 26, 1953 *Designation:* Independent Director *Address:* Flat No - 403, Block -14, Mehrauli Gurgaon Road, Heritage City, Gurgaon 122 002, Haryana, India. *Occupation*: Advocate *Term:* Five years with effect from April 30, 2018 *Period of directorship:* Since April 30, 2018 *DIN:* 00641110	67	*Indian private companies* 1. L&T – MHPS Turbine Generators Private Limited; and 2. L&T – MHPS Boilers Private Limited. *Indian public companies* 3. Nabha Power Limited; 4. Safari Industries (India) Limited; 5. Eris Lifesciences Limited; 6. Intellect Design Arena Limited; 7. Ingersoll Rand India Limited; 8. VA Tech Wabag Limited; and 9. Varroc Engineering Limited.

Name, date of birth, designation, address, occupation, nationality, term, period of directorship and DIN	Age (in years)	Other Directorships
		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 away 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 – Shareholders' Agreements and Other Agreements***" on page 197. 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 and has been associated with our Company since its incorporation. He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore. He is the Promoter of our Company. He has experience of more than 34 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 and has been on our Board since February 20, 2014. 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 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. Prior to joining our Company, he was associated with Caterpillar India Private Limited.

Udai Dhawan is a Nominee Director of our Company and has been on our Board since November 25, 2016. He holds a bachelor's degree in commerce (honours) 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 experience in financial services. He was associated with Standard Chartered Private Equity Advisory (I) Private Limited, SkyWorks Capital, LLC, Kotak Mahindra Capital Company Limited, Sabre Inc., J.P. Morgan, and Arthur Andersen & Co. in the past.

Chandrashekhar Madhukar Bhide is an Independent Director of our Company and has been on our Board since January 31, 2011. 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 experience in automotive industry. He was associated with Mahindra & Mahindra Limited in the past.

Sundararaman Kalyanaraman is an Independent Director of our Company and has been on our Board since June 30, 2017. 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 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 and has been on our Board since April 30, 2018. 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 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 and Key Managerial Personnel

Except for Ravi Gauthamram, our Whole-time Director who is the son of Srinivasan Ravi, our Chairman and Managing Director, none of our Directors are related to each other or to the Key Managerial Personnel.

Terms of Appointment of our Managing Director and Whole-time Director

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

S. No.	Terms of Remuneration	Details
		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 ₹ 4.80 million (excluding perquisites), the terms of which are set out below:

S. No.	Terms of Remuneration	Details
1.	Basic Salary	Fixed salary of ₹ 400,000 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
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.

Contingent and deferred compensation payable to Managing Director and Whole-time Director

There is no contingent or deferred compensation payable for Fiscal 2020 to Managing Director and Whole-time Director.

Payment or benefit to Directors of our Company

The remuneration and sitting fees paid or payable to our Directors for Fiscal 2020 are set out below:

1. Compensation to our Managing Director and Whole-time Director

Following is the remuneration paid or payable to our Managing Director and Whole-time Director for Fiscal 2020:

S. No	Name of Director	Amount (*in ₹ million*)
1.	Srinivasan Ravi	47.28
2.	Ravi Gauthamram	5.30
3.	Chandramohan Natarajan*	4.94
	Total	**57.52**

** Chandramohan Natarajan ceased to be a Whole-time Director with effect from June 30, 2020 due to the expiration of his term as a Whole-time Director. Further, he has resigned as a Director with effect from July 10, 2020.*

2. Compensation paid to our Independent Directors

Pursuant to the resolution passed by our Board of Directors on May 7, 2020, our non-executive Directors are entitled to receive a sitting fee of ₹ 38,000 for attending each meeting of our Board and ₹ 26,000 for attending each meeting of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee with effect from May 7, 2020.

Details of the sitting fees paid or payable by our Company to the Independent Directors for Fiscal 2020 are as follows:

S. No	Name of Director	Amount (*in ₹ million*)
1.	Chandrashekhar Madhukar Bhide	0.57
2.	Kallakurichi Kanniah Balu*	0.39
3.	Udai Dhawan	0.46
4.	Sundararaman Kalyanaraman	0.50
5.	Vijaya Sampath	0.36
	Total	**2.26**

***** *Ceased to be director with effect from May 23, 2020.*

3. Commission payable to our Independent 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 Independent Directors for Fiscal 2020 are as follows:

S. No	Name of Director	Amount (*in ₹ million*)
1.	Chandrashekhar Madhukar Bhide	0.60
2.	Kallakurichi Kanniah Balu*	0.60
3.	Udai Dhawan	0.60
4.	Sundararaman Kalyanaraman	0.60
5.	Vijaya Sampath	0.60
	Total	**3.00**

** Ceased to be a director with effect from May 23, 2020.*

4. Compensation paid or payable from our Subsidiaries

No compensation has been paid or is payable by our Subsidiaries to our Directors in Fiscal 2020.

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 and Group Companies.

6. Bonus or profit sharing plan for our Directors

Except as disclosed in "***- Terms of Appointment of our Managing Director and Whole-time Director***" and "***- Commission payable to our Independent Directors***" on pages 205 and 207, 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 – Other details of Shareholding of our Company***" on page 75, 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 207.

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 – Other details of Shareholding of our Company***" on page 75.

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 of or by our Company or presently intended to be acquired of it or 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 or formation 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 or formation of our Company, as on the date of this Draft Red Herring Prospectus. For further information, see "***Promoter, Promoter Group and Group Companies***" on page 218.

For further confirmations with respect to our Directors, see "***Other Regulatory and Statutory Disclosures***" on page 335.

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 any of the stock exchanges, during his/ her tenure.

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), during his/ her tenure.

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
Vijaya Sampath	April 30, 2018	Appointed as an Independent Director(1)
Kallakurichi Kanniah Balu	May 23, 2020	Ceased to be an Independent Director
Chandramohan Natarajan	July 10, 2020	Resigned as a Director

(1) Regularized as an Independent Director pursuant to a resolution passed by our Shareholders in their meeting held on April 30, 2018.

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 authorized 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 six Directors on our Board, comprising one Managing Director, one Whole-time Director, one Nominee Director and three 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 was reconstituted on February 3, 2020 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. Chandrashekhar Madhukar Bhide, Independent Director (*Chairperson)*;

2. Sundararaman Kalyanaraman, Independent Director (*Member*);

3. Vijaya Sampath, Independent Director (*Member*) and

4. 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. shall have full access to information contained in the records of the company;

3. to seek information from any employee;

4. to obtain outside legal or other professional advice; and

5. 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 our Company's financial reporting process and the disclosure of its financial information and examination of financial statements and auditor's report thereon 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 our Company;

3. reviewing the financial statements of our 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. reference to the Board of the related party transactions not falling under Section 188 where audit committee does not approve of such transactions;

g. disclosure of any related party transactions; and

h. 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 any subsequent modification of transactions of our Company with related parties and omnibus approval for related party transactions proposed to be entered into by our Company, subject to the conditions as may be prescribed;
Explanation: *The term "related party transactions" shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI Listing Regulations and/ or the applicable Accounting Standards and/ or the Companies Act 2013.*

10. scrutiny of inter-corporate loans and investments;

11. monitoring end use of the funds raised through public offers and related matters;

12. valuation of undertakings or assets of our Company, wherever it is necessary;

13. evaluation of internal financial controls and risk management systems;

14. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

15. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

16. discussion with internal auditors of any significant findings and follow up there on;

17. 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;

18. 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;

19. 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;

20. reviewing the functioning of the whistle blower mechanism;

21. overseeing the vigil mechanism established by our Company, with the chairman directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

22. 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;

23. reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision; and

24. 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 chief 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. Chandrashekhar Madhukar 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 our 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 our Company and its goals.

2. formulation of criteria for evaluation of performance 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 specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

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. recommend to the Board, all remuneration, in whatever form, payable to senior management;

7. 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 (Issue of Sweat Equity) Regulations, 2002;
   c. the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and
   d. 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;

8. 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 and was last reconstituted on December 5, 2020, and is 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. Chandrashekhar Madhukar Bhide, Independent Director (*Chairperson)*;

2. Srinivasan Ravi, Chairman and Managing Director (*Member*); and

3. Sundararaman Kalyanaraman, Independent 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. resolving the grievances of the security holders of our Company, including complaints related to transfer/allotment transmission of Equity Shares or any other securities, non-receipt of annual report, non-receipt of declared dividends, non-receipt of balance sheet, issue of new/ duplicate certificates, issue of share certificates arising from split or consolidation, general meetings, etc.;

3. review of measures taken for effective exercise of voting rights by shareholders;

4. review of adherence to the service standards adopted by our Company in respect of various services being rendered by the registrar and share transfer agent;

5. review of the various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of our Company;

6. 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; 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. Chandrashekhar Madhukar Bhide, Independent Director (*Member*).

Scope and terms of reference: the terms of reference of the Corporate Social Responsibility Committee shall include the following:

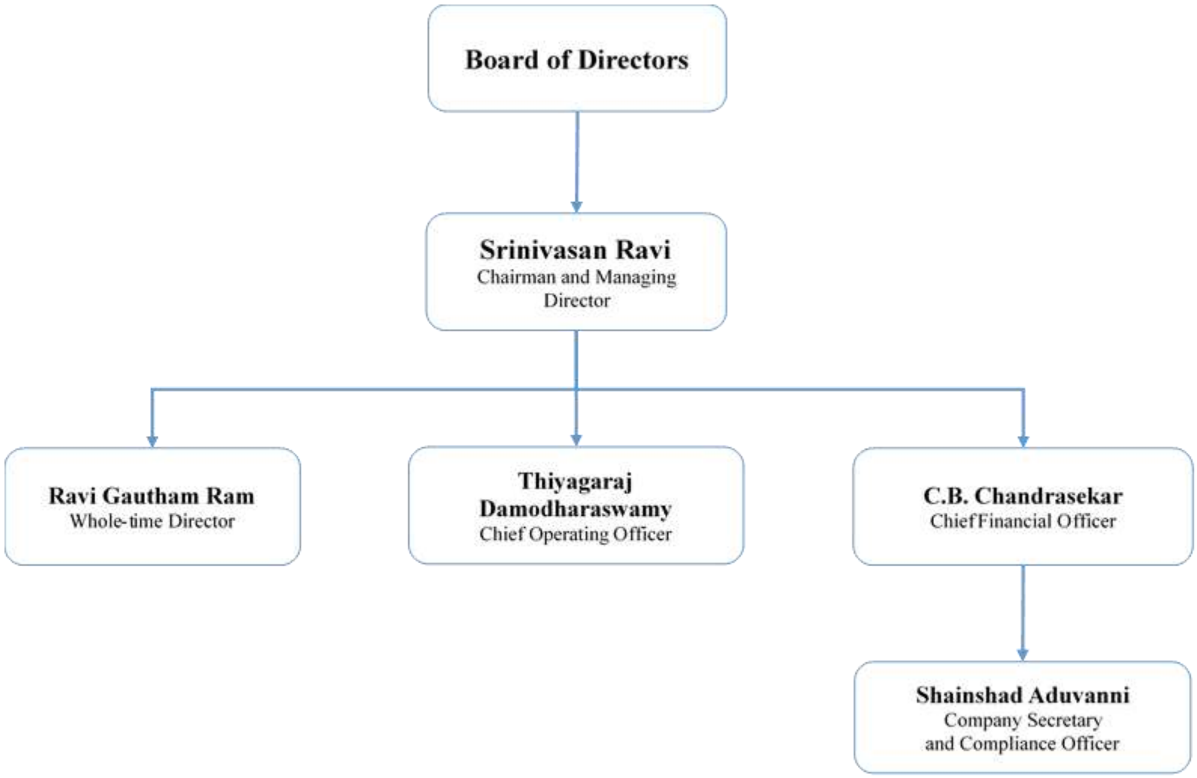
1. to formulate and recommend to the Board, a “Corporate Social Responsibility Policy” which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;

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 Organization 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, our Whole-time Director, as on the date of this Draft Red Herring Prospectus. For further information on our Chairman and Managing Director, Srinivasan Ravi and our Whole-time Director, Ravi Gauthamram, see "*- Brief Profiles of our Directors*" and "*- Terms of Appointment of our Managing Director and Whole-time Director*" on pages 204 and 205, respectively:

C.B. Chandrasekar, aged 61 years, our Chief Financial Officer, was appointed on February 3, 2020 for a period of five years. He holds a bachelor's degree in commerce from the University of Madras. He is an associate of the Institute of Cost Accountants of India and Institute of Company Secretaries of India. He has overall experience of more than three decades in the fields of finance, secretarial and accounting. Prior to joining our Company, he was associated with Lakshmi Machine Works Limited and Elgi Equipments Limited. During Fiscal 2020, he received a gross remuneration of ₹ 1.31 million.

Shainshad Aduvanni, aged 35 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 2020, he received a gross remuneration of ₹ 1.53 million.

Thiyagaraj Damodharaswamy, aged 47 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 2020, he received a gross remuneration of ₹ 6.70 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 are related to each another.

Shareholding of Key Managerial Personnel

For further information on shareholding of our Key Managerial Personnel in our Company, see "***Capital Structure – Other details of Shareholding of our Company***" on page 75.

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 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 of 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	February 3, 2020	Resigned as the chief financial officer
C. B. Chandrasekar	February 3, 2020	Appointed as the chief financial officer

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 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 COMPANIES

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 Equity Share Capital Build-up, Contribution and Lock-in of Promoter's Shareholding***" on page 69.

I. Promoter

Srinivasan Ravi

Srinivasan Ravi is our Promoter, Chairman and Managing Director. For further information, see "***Management - Brief Profiles of our Directors***" on page 204.

His driving license number is TN3719810002041, his voter identification number is TN/20/106/0189594 and his Aadhaar card number is 9169 3513 5533.

Our Company confirms that the permanent account number, bank account number and the passport number of Srinivasan Ravi will be submitted to the Stock Exchanges at the time of filing of the 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 Equity Share Capital Build-up, Contribution and Lock-in of Promoter's Shareholding***" on page 69.

Interest of our Promoter other than as the promoter of our Company

Our Promoter is also interested in our Company to the extent of (i) his directorship in our Company and our Subsidiaries and any compensation, other remuneration, commission and reimbursement of expenses payable to him in such capacity, and (ii) the shareholding of his relatives and the dividend payable thereon. For further information on our Promoter's compensation and other details, see "***Capital Structure – Shareholding of our Promoter and Promoter Group***" and "***Management - Terms of Appointment of our Managing Director and Whole-time Director***" on pages 72 and 205, respectively. For further details of interest of our Promoter in our Company, see "***Financial Statements***" on page 224.

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 this Draft Red Herring Prospectus or any property proposed to be acquired by our Company.

Our Promoter does not have any interest 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

Except as stated otherwise in *"**Management - Payment or benefit to Directors of our Company**"*, *"**- Interests of our Promoter**"* and *"**Financial Statements**"* on pages 207, 218 and 224, 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 is intended to be paid or given to our Promoter or members of our Promoter Group.

Material Guarantees

Except as stated otherwise in "***History and Certain Corporate Matters - Guarantees provided by our Promoter***" on page 198, our Promoter has not given any material guarantee to any third party with respect to the Equity Shares, as on the date of this Draft Red Herring Prospectus.

Companies or Firms with which our Promoter have disassociated in the last three years

Our Promoter has not disassociated himself from any company or firm 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 in the five years immediately preceding the date of this Draft Red Herring Prospectus.

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 and Group Companies, in relation to any dues from these entities. For further information, see "***Financial Statements – Restated Financial Information – Annexure VII –Note No. 43***" on page 278.

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 "***Financial Statements – Restated Financial Information – Annexure VII –Note No. 43***" on page 278.

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)(pp) of the SEBI ICDR Regulations:

Individuals forming part of the Promoter Group

Name of Promoter	Name of relative	Relationship
Srinivasan Ravi	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)(pp) 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; and

3. Tech 82 Pictures LLP.

III. Group Companies

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 (other than our Subsidiaries) with which there were related party transactions as disclosed in the Restated Financial Information; and

(ii) such other company forming part of our Promoter Group, who has entered into one or more transactions in the most recent audited fiscal or any stub period, individually or in the aggregate, exceeding 3.00% of the consolidated profit after tax of the Company, as per the Restated Financial Information, for the latest fiscal, i.e. Fiscal 2020.

On the basis of the Materiality Policy following companies has been identified as Group Companies, for the purpose of disclosure in connection with the Offer:

1. MC Craftsman Machinery Private Limited.

2. Carl Stahl Craftsman Enterprises Private Limited.

For avoidance of doubt, it is hereby clarified that our Subsidiaries has not been considered for the purposes of the disclosure as Group Companies in this Draft Red Herring Prospectus.

Details of our Group Companies:

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, IV 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.

Capital Structure

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.

Financial Information

The financial information derived from the audited financial results of MC Craftsman Machinery Private Limited for Fiscals 2020, 2019 and 2018 are set forth below:

(in ₹ million, except otherwise stated)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Equity capital	210.00	210.00	210.00
Reserves and surplus (excluding revaluation reserves)	(221.77)	(100.95)	(96.42)
Revenues from operations	348.07	511.18	353.75
Profit/(loss) after tax	(120.81)	(4.53)	(34.52)
Basic earnings per share (in ₹)	(57.53)	(2.16)	(16.44)
Diluted earnings per share (in ₹)	(57.53)	(2.16)	(16.44)
Net asset value per share (in ₹)	(16.72)	37.59	42.11

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.

Carl Stahl Craftsman Enterprises Private Limited

Corporate Information and nature of business

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, IV 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 "***History and Certain Corporate Matters - Shareholders' Agreements and Other Agreements - Key terms of other subsisting material agreements***" on page 198.

Capital Structure

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.

Interest of our Promoter

Our Promoter is one of the directors on the board of Carl Stahl Craftsman Enterprises Private Limited.

Financial Information

The financial information derived from the audited financial results of Carl Stahl Craftsman Enterprises Private Limited for Fiscals 2020, 2019 and 2018 are set forth below:

(in ₹ million, except otherwise stated)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Equity capital	20.00	20.00	20.00
Reserves and surplus (excluding revaluation reserves)	39.75	40.20	26.57
Revenues from operations	257.54	309.49	216.53
Profit/(loss) after tax	(0.53)	13.42	5.72
Basic earnings per share (in ₹)	(0.26)	6.71	2.86
Diluted earnings per share (in ₹)	(0.26)	6.71	2.86
Net asset value per share (in ₹)	29.88	30.10	23.29

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 loss-making Group Companies

MC Craftsman Machinery Private Limited has incurred losses in Fiscals 2020, 2019 and 2018. Carl Stahl Craftsman Enterprises Private Limited has incurred losses in Fiscal 2020. Also, see "***Risk Factors – Our Group Companies have incurred losses in the last three Fiscals.***" on page 26.

Details of Group Companies under winding up

As on the date of this Draft Red Herring Prospectus, our Group Companies are 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 Companies.

Insolvent/defunct or sick Group Companies

As on the date of this Draft Red Herring Prospectus, our Group Companies have not been declared insolvent/bankrupt under the Insolvency and Bankruptcy Code, 2016. Our Group Companies do not fall under the definition of sick industrial companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985.

Our Group Companies have not been declared defunct under the Companies Act 2013 and no application has been made to the RoC for striking off the name of our Group Companies during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Interests of our Group Companies

As on the date of this Draft Red Herring Prospectus:

a. Our Group Companies do not have any interest in the promotion or formation of our Company**.**

b. Our Group Companies do not have any interest in any property acquired by our Company within the three years immediately preceding the date of filing this Draft Red Herring Prospectus or proposed to be acquired by it.

c. Our Group Companies do not have any interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery, etc.

d. Further, except as set forth in "***Financial Statements***" on page 224, our Company does not have any sales or purchase transactions with our Group Companies exceeding, in the aggregate, 10% of the total sales or purchases of our Company. For further information on related business transactions with our Group Companies and their significance on our financial performance, see "***Financial Statements***" on page 224.

Common pursuits of our Group Companies

Except as disclosed in "***Business***" and "***Financial Statements***" on pages 167 and 224, respectively, there are no common pursuits or conflict of interest situations amongst our Group Companies and our Company.

Except as disclosed in "***Business***" and "***Financial Statements***" on pages 167 and 224, respectively, our Group Companies do not have any business interest in our Company.

For further confirmations with respect to our Group Companies, see "***Other Regulatory and Statutory Disclosures***" on page 335.

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 six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, is set out below:

Particulars	Six months ended September 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
Number of equity shares at year/period ended	20,121,600	20,121,600	20,121,600	1,006,080
Face value per equity share (in ₹)	5	5	5	100
Rate of dividend (%)	Nil	Nil	50%	10%
Dividend paid (*in ₹ million*)	Nil	Nil	50.30	10.06
Mode of payment of dividend	NA	NA	Bank transfer	Bank transfer

Our Company has not paid any dividend for the period between October 1, 2020 and the date of filing of this Draft Red Herring Prospectus.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

STATUTORY AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

To

The Board of Directors
Craftsman Automation Limited
Senthel Towers, IV floor,
1078, Avinashi road,
Coimbatore – 641 018
Tamil Nadu, India

Dear Sirs / Madam

1. We have examined the attached Restated Consolidated Financial Information of Craftsman Automation Limited (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") and its joint venture, comprising the Restated Consolidated Statement of Assets and Liabilities as at 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Cash Flow Statement for the six month period ended 30 September 2020 and for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 5 December 2020 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP "), the Red Herring Prospectus ("RHP") and the Prospectus prepared by the management of Company ("the Management") in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

    b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

    c. the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of

India ("SEBI"), National Stock Exchange of India Limited and BSE Limited, and the RHP and the Prospectus, to be filed with SEBI, the National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, Tamil Nadu, in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the Management on the basis of preparation stated in notes B1 and B2 to the Restated Consolidated Financial Information. The responsibility of the respective Board of Directors of the companies included in the Group and its joint venture includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group and its joint venture complies with the Act, ICDR Regulations and the Guidance Note.

3. 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 28 November 2020 in connection with the proposed IPO of equity shares of the Company;

   b. the Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c. concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

   d. 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, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Consolidated Financial Information have been compiled by the management from:

   a. Audited special purpose interim consolidated Ind AS financial statements of the Group and its joint venture as at and for the six month period ended 30 September 2020 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Special Purpose Interim Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on 28 October 2020.

   b. Audited Consolidated Ind AS financial statements of the Group and its joint venture as at and for the years ended 31 March 2020, 31 March 2019 and 31 March 2018 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of

Directors at their meeting held on 7 May 2020, 15 May 2019 and 3 July 2018 respectively (the "Audited Consolidated Ind AS Financial Statements").

5. For the purpose of our examination, we have relied on:

a. Auditors' reports issued by us dated 28 October 2020 on the consolidated financial statements of the Group and its joint venture as at and for the six months period ended 30 September 2020

b. Auditors' Report issued by the previous auditors, PKF Sridhar & Santhanam LLP, Chartered Accountants, (the "Previous Auditors") dated 7 May 2020, 15 May 2019 and 3 July 2018 on the consolidated financial statements of the Group and its joint venture as at and for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, respectively, as referred in Paragraph 4 above

The audits for the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018 were conducted by the Previous Auditors, and accordingly reliance has been placed on the restated consolidated statement of assets and liabilities and the restated consolidated statements of profit and loss (including other comprehensive income), statements of changes in equity and cash flow statements, the Statement of Significant Accounting Policies and other explanatory information (collectively, the "2020, 2019 and 2018 Restated Consolidated Financial Information") examined by them for the said years. The examination report included for the said years is based solely on the report submitted by the Previous Auditors. They have also confirmed that the 2020, 2019 and 2018 Restated Consolidated Financial Information

i. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications, if any, retrospectively in the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six-months period ended 30 September 2020;

ii. do not require any adjustment for modification as there is no modification in the underlying audit reports;

iii. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note

6. As indicated in our audit report referred in 5(a) above

a. we did not audit the special purpose financial statements of a subsidiary and the joint venture whose share of total assets, total revenues, net cash inflows / (outflows) and share of profit / (loss) in joint venture included in the consolidated financial statements, for the relevant years is tabulated below, which have been audited by other auditors and whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors:

Rs. Million

Particulars	As at / for the six months period ended 30 September 2020
Total assets	204.10
Total revenue	77.30
Net cash inflows / (outflows)	38.50
Share of profit in its joint ventures (including total comprehensive income)	0.30

b. the special purpose financial statements of the foreign subsidiary have been prepared in accordance with accounting principles generally accepted in their country ('the local GAAP') and which have been audited by other auditor under the local GAAP, have been converted by the Management from the local GAAP to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Management.

c. the special purpose consolidated financial statements include the special purpose financial statements of a subsidiary, M/s Craftsman Automation Singapore Pte. Ltd., which is in the process of voluntary winding up and whose share of total assets, total revenues and net cash inflows / (outflows) included in the consolidated financial statements, for the relevant years is tabulated below, have not been audited by us. The special purpose financial statements of the subsidiary are unaudited and has been furnished to us by the Management and our opinion on the special purpose consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on such unaudited special purpose financial statements certified by the Management.

Rs. Million

Particulars	As at / for the six months period ended 30 September 2020
Total assets	Nil
Total revenue	Nil

Net cash inflows / (outflows)	(0.20)

Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters.

7. The comparative restated consolidated financial information of the Company prepared in accordance with Ind AS for the years ended 31 March 2020, 31 March 2019 and 31 March 2018 included in these restated consolidated financial information have been audited by the Previous Auditors. The Previous Auditors have issued an unmodified examination report dated 5 December 2020 on the same.

8. Based on examination report dated 5 December 2020 provided by the Previous Auditors, the audit reports on the consolidated financial statements issued by the Previous Auditors included following other matters:

"We did not audit the financial statements of the subsidiaries, whose share of total assets, total revenues and net cash flows, included in the Restated Consolidated Financial Information for each of the financial years is tabulated below:

Craftsman Singapore Pte. Limited

Rs. Million

Particulars	As at / for the year ended 31 March 2020	As at / for the year ended 31 March 2019	As at / for the year ended 31 March 2018
Total assets	1.02	3.83	5.02
Total revenue	7.96	12.42	13.32
Net cash inflows / (outflows)	(0.80)	(0.53)	0.72

Craftsman Europe B.V. (previously called Craftsman Marine B.V., Netherlands)

Rs. Million

Particulars	As at / for the year ended 31 March 2020	As at / for the year ended 31 March 2019	As at / for the year ended 31 March 2018
Total assets	200.70	182.04	181.99
Total revenue	169.40	195.47	162.20

Net cash inflows / (outflows)	0.80	(17.29)	6.68

These financial statements have been audited by other auditors, whose audit reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components is based solely on the audit report of the other auditors. Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters.”

9. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditors for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, we report that the Restated Consolidated Financial Information

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications, if any, retrospectively in the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the six-months period ended 30 September 2020;

   b. do not require any adjustment for modification as there is no modification in the underlying audit reports; and

   c. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note

   Emphasis of matter

   We draw attention to Note B4 of the Restated Consolidated Financial Information, wherein the Group has described its impact assessment due to the COVID-19 pandemic. As stated in the said note, eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of these financial statements. Our opinion is not modified in respect of this matter.

10. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Interim Consolidated Ind AS Financial Statements and Audited Consolidated Ind AS Financial Statements mentioned in paragraph 4 above.

11. 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 or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our examination report for events and circumstances occurring after the date of this report.

13. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with SEBI, National Stock Exchange of India Limited and BSE Limited, and the RHP and the Prospectus, to be filed with SEBI, the National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, Tamil Nadu, in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

for **Sharp & Tannan**
Chartered Accountants
Firm Registration No. 003792S

V. Viswanathan
Partner
Membership no. 215565
UDIN: 20215565AAAACF8205

Place: Chennai
Date: 5 December 2020

Craftsman Automation Limited

Annexure I: Restated Consolidated Statement of Assets and Liabilities
(All amounts are in INR Millions unless otherwise stated)

Particulars	Note No. of Annexure VII	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
ASSETS					
Non-current assets					
Property, Plant and Equipment	1	14,286.59	14,267.00	14,764.54	12,447.44
Capital Work in progress	2	217.24	888.17	906.14	243.12
Intangible assets	3	83.86	106.25	143.42	149.63
Right-of-use Asset	4	926.32	1,043.10	977.90	637.61
Investments accounted for using equity method	5	18.29	17.93	18.06	13.97
Financial assets					
Investments	6	2.99	13.99	23.53	24.79
Security Deposits	7	210.96	219.30	217.04	180.90
Other Financial assets	8	16.25	105.69	5.85	14.11
Current tax assets (Net)	9	-	10.99	-	44.44
Other non-current assets	10	65.69	93.28	110.27	266.66
		15,828.19	**16,765.70**	**17,166.75**	**14,022.67**
Current assets					
Inventories	11	2,999.65	3,256.15	3,233.08	3,004.61
Financial assets					
Trade receivables	12	1,851.14	1,943.19	2,100.32	2,016.86
Cash and cash equivalents	13	387.64	597.61	194.97	367.19
Other bank balances	14	162.26	118.81	70.84	119.58
Security Deposits	15	6.71	6.92	8.17	5.60
Other Financial assets	16	49.90	19.16	3.32	1.26
Other Current assets	17	396.36	323.82	476.53	456.57
		5,853.66	**6,265.66**	**6,087.23**	**5,971.67**
Total Assets		**21,681.85**	**23,031.36**	**23,253.98**	**19,994.34**
EQUITY AND LIABILITIES					
EQUITY					
Equity Share capital	18	100.61	100.61	100.61	100.61
Other Equity	19	7,144.37	7,088.37	6,731.98	5,865.96
		7,244.98	**7,188.98**	**6,832.59**	**5,966.57**
LIABILITIES					
Non-current liabilities					
Financial liabilities					
Borrowings	20	6,026.40	6,682.82	6,932.01	4,303.30
Other Financial Liabilities	21	996.29	1,083.62	912.53	557.02
Provisions	22	2.15	6.82	-	-
Deferred tax liabilities (Net)	23	369.54	370.85	355.26	319.73
		7,394.38	**8,144.11**	**8,199.80**	**5,180.05**
Current liabilities					
Financial Liabilities					
Borrowings	24	1,782.80	2,442.73	1,350.14	2,720.85
Trade payables					
(a) total outstanding dues of micro enterprises & small enterprises	25	77.22	207.62	241.90	49.49
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		2,144.30	2,610.16	3,070.19	3,577.83
Other Financial Liabilities	26	2,317.86	1,792.00	2,647.08	2,168.30
Current tax labilities (Net)	27	1.22	-	50.11	-
Other current liabilities	28	693.78	627.43	810.64	290.38
Provisions	29	25.31	18.33	51.53	40.87
		7,042.49	**7,698.27**	**8,221.59**	**8,847.72**
Total Equity and Liabilities		**21,681.85**	**23,031.36**	**23,253.98**	**19,994.34**

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated statement of assets and liabilities referred to in our report of even date
For Sharp & Tannan
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Chennai
Date : 05-Dec-2020

Shainshad Aduvanni
Company Secretary M.No.A27895

C.B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 05-Dec-2020

Craftsman Automation Limited

Annexure II: Restated Consolidated Statement of Profit and Loss
(All amounts are in INR Millions unless otherwise stated)

Particulars	Note No. of Annexure VII	Period April 1 2020 to September 30 2020	Year ended March 31 2020	Year ended March 31 2019	Year ended March 31 2018
INCOME					
Revenue from Operations	30	5,337.18	14,924.65	18,180.07	15,115.31
Other Income	31	28.02	85.92	136.36	113.31
Total Income		**5,365.20**	**15,010.57**	**18,316.43**	**15,228.62**
EXPENSES					
Cost of materials consumed	32	2,177.12	5,717.04	7,104.88	5,916.88
Changes in inventories of finished goods and work-in-progress	33	111.51	150.73	(70.15)	(159.15)
Excise duty on sale of goods		-	-	-	324.44
Employee benefits expense	34	569.45	1,709.86	2,168.31	1,986.29
Depreciation and amortization expense	35	866.28	1,949.88	1,761.48	1,491.53
Other expenses	36	1,019.63	3,367.27	4,550.62	4,110.82
Finance costs	37	516.69	1,484.00	1,405.49	1,124.83
Total expenses		**5,260.68**	**14,378.78**	**16,920.63**	**14,795.64**
Profit before share of profit from JV & exceptional items		**104.52**	**631.79**	**1,395.80**	**432.98**
Share of profit from JV	5	0.43	(0.16)	4.03	2.47
Profit before exceptional items		**104.95**	**631.63**	**1,399.83**	**435.45**
Exceptional items	49	-	(57.73)	-	-
Profit before tax		**104.95**	**573.90**	**1,399.83**	**435.45**
Tax expense:					
Net Current Tax	40	65.55	168.35	78.39	-
Deferred tax		(30.26)	(5.18)	347.77	120.11
Profit for the period / year		**69.66**	**410.73**	**973.67**	**315.34**
Other Comprehensive Income					
A (i) Items that will not be reclassified to Statement of Profit and Loss					
- Remeasurement of defined benefit plans		(24.88)	41.29	(8.00)	(11.62)
- Equity Instruments through OCI		(11.00)	(11.63)	(1.65)	(1.58)
- Share of OCI of Joint Venture accounted for using equity method		(0.07)	0.03	0.06	0.07
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss		8.69	(14.43)	2.80	4.06
B (i) Items that will be reclassified to Statement of Profit and Loss					
- Exchange differences in translating the financial statements of foreign operations		6.23	4.83	(5.31)	(13.36)
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		11.34	(21.20)	(128.27)	(56.64)
(ii) Income tax relating to items that will be reclassified to Statement of Profit and Loss		(3.96)	7.41	44.82	19.79
Other Comprehensive Income for the period / year, net of tax		**(13.65)**	**6.30**	**(95.55)**	**(59.28)**
Total Comprehensive Income for the period / year (Comprising Profit and Other Comprehensive Income for the period / year)		**56.01**	**417.03**	**878.12**	**256.06**
Earnings per equity share (Face value of Rs. 5/-) *not annualised					
- Basic (Rs.)		3.46	20.41	48.39	15.67
- Diluted (Rs.)	50	3.46	20.41	48.39	15.67
Earnings (before exceptional item) per equity share (Rs.)		3.46	22.28	48.39	15.67

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated statement of profit and loss referred to in our report of even date
For Sharp & Tannan
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Chennai
Date : 05-Dec-2020

Shainshad Aduvanni
Company Secretary M.No.A27895

C.B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 05-Dec-2020

Craftsman Automation Limited

Annexure III: Restated Consolidated Statement of Cash Flows
(All amounts are in INR Millions unless otherwise stated)

Particulars	Period April 1 2020 to September 30 2020	Year ended March 31 2020	Year ended March 31 2019	Year ended March 31 2018
Cash flows from operating activities				
Profit before tax	104.95	573.90	1,399.83	435.45
Adjustments to reconcile PBT to net cash flows:				
Depreciation and amortization expense	866.28	1,949.88	1,761.48	1,491.53
Gain on sale of assets	(5.80)	(0.28)	(4.38)	0.04
Exchange difference on transaction/translation (loss/(gain))	(48.09)	34.00	(37.56)	(55.59)
Share of Profit of Joint Venture	(0.43)	0.16	(4.03)	(2.47)
MTM Gain / (Loss) - Derivative -(Net)	0.01	3.25	1.56	(45.15)
Allowance for ECL on Advances	0.34	(0.09)	-	2.85
Allowance for ECL on Doubtful debts	21.22	15.44	(5.42)	0.03
Projection for Warranty & Rejection	(4.29)	0.95	9.85	7.00
Interest income (including fair value changes in financial instruments)	(9.74)	(21.63)	(20.93)	(22.50)
Government grant income	(113.82)	(284.42)	(311.56)	(247.50)
Liabilities no longer required written back	(1.68)	(6.18)	(35.62)	(8.92)
Assets no longer receivable written off (including exceptional item)	13.82	69.72	57.70	47.04
Interest expense (including fair value changes in financial instruments)	555.36	1,395.88	1,369.00	1,146.48
Operating cash flow before changes in working capital	1,378.13	3,730.58	4,179.92	2,748.29
Adjustments for:				
Increase/ (Decrease) in provisions	(18.28)	13.96	(7.19)	3.16
Increase/ (Decrease) in other financial liabilities	(42.25)	(26.83)	27.41	53.90
Increase/ (Decrease) in other current liabilities	156.81	(75.43)	162.65	(25.68)
Increase/ (Decrease) in Trade Payables and other Payables	(589.22)	(483.97)	(283.89)	614.23
(Increase)/ Decrease in other non-current assets	25.59	(25.59)	-	-
(Increase)/ Decrease in other financial assets	19.17	(173.58)	8.01	(31.03)
(Increase)/ Decrease in other current assets	(49.18)	143.54	46.46	580.25
(Increase)/ Decrease in trade and other receivables	66.42	189.79	(56.40)	(274.68)
(Increase)/ Decrease in inventories	256.50	(23.07)	(228.47)	(721.46)
Cash generated from operations	1,203.69	3,269.41	3,848.50	2,946.99
Direct taxes paid	(19.66)	(215.70)	(248.46)	(120.00)
Net cash generated / (used) from operating activities - A	**1,184.02**	**3,053.70**	**3,600.04**	**2,826.99**
Cash flows from investing activities				
Purchase of property, plant and equipment	(131.31)	(1,386.91)	(3,558.07)	(2,038.63)
Purchase of Intangible assets	(0.50)	(17.43)	(52.67)	(82.59)
Proceeds from sale of property, plant and equipment	28.33	14.15	6.11	2.83
Purchase of unqouted shares	0.00	(2.09)	(0.39)	(11.51)
Interest received	9.74	21.63	20.93	22.50
Net cash generated / (used) in investing activities - B	**(93.74)**	**(1,370.65)**	**(3,584.09)**	**(2,107.40)**
Cash flows from financing activities				
Proceeds from long-term borrowings	539.80	1,438.95	4,215.87	1,444.97
Repayment of long term borrowings	(578.86)	(2,198.54)	(1,555.39)	(1,291.10)
Proceeds from/ (repayments to) short-term borrowings	(630.10)	1,094.51	(1,411.53)	469.45
Principal repayments towards lease liability	(84.16)	(167.31)	(121.70)	(86.33)
Interest paid (incl. interest on lease liability)	(547.44)	(1,386.29)	(1,297.50)	(1,133.15)
Dividend Paid (incl. Addditional tax on dividend paid)	-	(60.64)	(12.10)	(6.96)
Net cash generated / (used) in financing activities- C	**(1,300.76)**	**(1,279.32)**	**(182.34)**	**(603.12)**
Net increase in cash and cash equivalents - (A+B+C)	(210.47)	403.73	(166.39)	116.47
Cash and cash equivalents at beginning of period / year	597.61	193.05	360.43	240.31
Effect of exchange rate changes on cash and cash equivalents	0.50	0.83	(0.99)	3.65
Cash and cash equivalents at end of period / year	**387.64**	**597.61**	**193.05**	**360.43**
Reconciliation of Cash & Cash equivalents				
Cash & cash equivalents consists of:				
Cash in hand	0.24	1.11	0.76	1.02
Balances with banks				
(i) in current accounts	387.40	596.50	194.21	366.17
(ii) Overdraft (refer note: 24 to Annexure VII)	-	-	(1.92)	(6.76)
Total	**387.64**	**597.61**	**193.05**	**360.43**
(Refer to note: 20 to Annexure VII for Net Debt Reconciliation)				

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated statement of cash flows referred to in our report of even date
For Sharp & Tannan
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Chennai
Date : 05-Dec-2020

Shainshad Aduvanni
Company Secretary M.No.A27895

C.B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 05-Dec-2020

Craftsman Automation Limited

Annexure IV: Restated Consolidated Statement of Changes in Equity
(All amounts are in INR Millions unless otherwise stated)

(a) Equity Share Capital

Particulars	Note No of Annexure VII	Equity Shares (Nos.)	Face value of Shares (Rs.)	Amount (Rs. Millions)
Balance as at April 01,2017		574,903	100	57.49
Changes in equity share capital during the year		431,177	100	43.12
Balance as at March 31,2018		1,006,080	100	100.61
Changes in equity share capital during the year *		19,115,520	-	-
Balance as at March 31,2019		20,121,600	5	100.61
Changes in equity share capital during the year		-	-	-
Balance as at March 31,2020		20,121,600	5	100.61
Changes in equity share capital during the period		-	-	-
Balance as at September 30,2020		20,121,600	5	100.61

*sub-division of shares of face value Rs.100 each into shares of face value Rs. 5 each

b. Other Equity

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	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Balance as at April 01,2017	**1,422.65**	**966.21**	**3,275.59**	**5.43**	**(6.24)**	**(31.97)**	**28.31**	**5,659.98**
Profit for the year	-	-	312.87	2.47	-	-	-	315.34
Other Comprehensive Income	-	-	-	0.07	(1.58)	(36.85)	-	(38.36)
- Defined Benefit Plan	-	-	(7.56)	-	-	-	-	(7.56)
- Foreign Currency Translation Reserve	-	-	-	-	-	-	(13.36)	(13.36)
Total Comprehensive Income for the year	-	-	305.31	2.54	(1.58)	(36.85)	(13.36)	256.06
Dividends	-	-	(6.96)	-	-	-	-	(6.96)
Bonus shares issued	(43.12)	-	-	-	-	-	-	(43.12)
Balance as at March 31,2018	**1,379.53**	**966.21**	**3,573.94**	**7.97**	**(7.82)**	**(68.82)**	**14.95**	**5,865.96**
Profit for the year	-	-	969.64	4.03	-	-	-	973.67
Other Comprehensive Income	-	-	-	0.06	(1.65)	(83.45)	-	(85.04)
- Defined Benefit Plan	-	-	(5.20)	-	-	-	-	(5.20)
- Foreign Currency Translation Reserve	-	-	-	-	-	-	(5.31)	(5.31)
Total Comprehensive Income for the year	-	-	964.44	4.09	(1.65)	(83.45)	(5.31)	878.12
Dividends	-	-	(12.10)	-	-	-	-	(12.10)
Balance as at March 31,2019	**1,379.53**	**966.21**	**4,526.28**	**12.06**	**(9.47)**	**(152.27)**	**9.64**	**6,731.98**
Profit for the year	-	-	410.89	(0.16)	-	-	-	410.73
Other Comprehensive Income	-	-	-	0.03	(11.63)	(13.79)	-	(25.39)
- Defined Benefit Plan	-	-	26.86	-	-	-	-	26.86
- Foreign Currency Translation Reserve	-	-	-	-	-	-	4.83	4.83

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	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Total Comprehensive Income for the year	-	-	437.75	(0.13)	(11.63)	(13.79)	4.83	417.03
Dividends	-	-	(60.64)	-	-	-	-	(60.64)
Balance as at March 31,2020	**1,379.53**	**966.21**	**4,903.39**	**11.93**	**(21.10)**	**(166.06)**	**14.47**	**7,088.37**
Profit for the six months period			69.23	0.43				69.66
Other Comprehensive Income	-	-	-	(0.07)	(11.00)	7.38	-	(3.69)
- Defined Benefit Plan	-	-	(16.20)	-	-	-	-	(16.20)
- Foreign Currency Translation Reserve	-	-	-	-	-	-	6.23	6.23
Total Comprehensive Income for the period	-	-	53.03	0.36	(11.00)	7.38	6.23	56.00
Dividends	-	-	-	-	-	-	-	-
Balance as at September 30,2020	**1,379.53**	**966.21**	**4,956.42**	**12.29**	**(32.10)**	**(158.68)**	**20.70**	**7,144.37**

The accompanying notes form an integral part of the restated consolidated financial information
This is the restated consolidated statement of changes in equity referred to in our report of even date
For Sharp & Tannan
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Chennai
Date : 05-Dec-2020

Shainshad Aduvanni
Company Secretary M.No.A27895

C.B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 05-Dec-2020

Craftsman Automation Limited

Annexure V: Statement of Significant Accounting Policies

A. Corporate Information

Craftsman Automation Limited ("the Company") was converted into public limited company with effect from 04 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. The Company was incorporated on 18 July 1986 as a private limited company. Restated Consolidated Financial Information comprise the Restated Consolidated Statement of Assets and Liabilities as at 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Cash Flow Statement for the six month period ended 30 September 2020 and for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the "Restated Consolidated Financial Information")

B. Significant Accounting Policies

B.1. Statement of Compliance

The Restated Consolidated Financial Information have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013("the Act"), as amended read with Companies (Indian Accounting Standards) Rules, 2015. The presentation of the Restated Consolidated Financial Information is based on Schedule III of the Act.

The Restated Consolidated Financial Information relates to the Company and have been specifically prepared for inclusion in the draft red herring prospectus to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), National Stock Exchange of India Limited, BSE Limited and the red herring prospectus and the prospectus to be filed by the Company with SEBI, National Stock Exchange Limited, BSE Limited and Registrar of Companies, Tamil Nadu 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 has been prepared to comply, in all material respects, with the requirements of Section 26 of Part I of Chapter III of 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, 2018, 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 05 December 2020

The Restated Consolidated Financial Information of the Company has been compiled by the management of the Company as follows:

> As at and for the period/year ended 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018 from the audited consolidated financial statements of the Group as at and for the period / year ended 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018 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 28 October 2020, 07 May 2020, 15 May 2019 and 03 July 2018 respectively.

The Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations:

(a) Adjustments for audit qualification requiring corrective adjustment in the financial statements, if any;

(b) Material amounts relating to adjustments for previous years in arriving at profit/loss of the years to which they relate, have been appropriately adjusted, if any;

(c) Adjustments for remeasurement, reclassification and regrouping of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with Ind AS and ICDR Regulations

(d) The resultant material tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective years to which they relate.

The Restated Consolidated Financial Information have been prepared on accrual and going concern basis. 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 Information.

B.2 Basis of Preparation:

The Consolidated Financial Statements of the Group has been prepared in accordance with Ind AS. The presentation of the Consolidated Financial Statements of the Group is based on Schedule III of the Act.

The items included in Consolidated Financial Statements from each of the Group entities are measured using the currency of the primary economic environment (functional currency) in which each of the Group's entities operate. 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.

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 Restated Consolidated Financial Information 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) Derivative financial instruments
ii) Certain financial assets and liability measured at fair value (refer note. 42 to Annexure VII)
iii) Defined Benefits Obligations

Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the Restated Consolidated Financial Information 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 Intangible Assets**

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 Group. In case of intangible assets 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 Restated Consolidated Financial Information at fair value, with changes in fair value reflected in the Restated Consolidated Statements of Profit and Loss. 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**

Actuarial valuation of gratuity, a defined benefit obligation, 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 have 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.

viii. **Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 "Leases". Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate.

B.3 Principles of Consolidation

The Consolidated Financial Statements relate to the Company, its subsidiaries and joint venture. 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.
- 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 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.4 Estimation of uncertainties relating to the global health pandemic from COVID-19

The COVID-19 pandemic has impacted the businesses around the world, including India. There has been severe disruption to the regular operations of the Group in the first quarter of FY 2020-21 due to Government imposed emergency restrictions and lockdown.

The Group has assessed the impact on liquidity position and carrying amounts of inventories, trade receivables, investments, property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date.

The Group will continue to monitor the future economic conditions and assess its impact on the financial statements. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of the consolidated financial statements.

B.5 PROPERTY PLANT AND EQUIPMENT

Recognition and Measurement

All Property Plant & Equipment (PPE) barring land as at transition date are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the PPE (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalizes the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7AA 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.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If the Group makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing Costs is covered by Ind AS 23 criteria for the recognition of interest as a component of the carrying amount of a self-constructed item of property, plant and equipment.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalized 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.

Land was fair valued on transition to Ind AS and adopted as deemed cost.

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 of the Group 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, die	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 and 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 are 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
Technical Know - Acquired	2.5 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 Statement of Profit and 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

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for machineries and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the entity. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the entity changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition to Ind AS 116 – Leases:

Effective 01 April, 2017, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 01 April, 2017 using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹629.45 million, and a lease liability of ₹609.86 million. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 01 April, 2017 is 10.50%.

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.

<u>Classification of financial assets</u>

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 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 other than joint venture

The Group has valued the investments in equity instruments other than joint ventures at fair value through 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.

In respect of investment in equity share capital of group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

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 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 Statement of Profit and 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 Statement of Profit and 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 42
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 and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and 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 42b 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 Statement of Profit and 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 and 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.

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 Statement of Profit and 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.
Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

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 the lowest of the net realizable 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 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.
A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Restated Consolidated Financial Information by way of notes to accounts when an inflow of economic benefits is probable.
A contingent liability is

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:
(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

Sale of Goods & Rendering of Services

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially of all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as Goods and Services Tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Group's performance and the Group has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

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 like Duty Drawback, Merchandise Exports from India Scheme(MEIS)) 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 Statement of Profit and 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.

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on 7 July 2020 in the Gazette and the Act is yet to be effective

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on 28 September 2020. However, the date on which these Codes will come into effect has not been notified. The Group will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

Defined benefit plans

Gratuity

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 Statement of Profit & Loss 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 Statement of Profit and 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 Statement of Profit and Loss.

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:
Balances of compensated lease absences of the employees at the end of year are not carried forward as per policy. The balances remaining to be encashed are fully provided at year end and encashed subsequently.

B.16 FOREIGN CURRENCY TRANSACTIONS

The Group's foreign operations are an integral part of the Company's activities. In preparing the Restated Consolidated Financial Information, 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 Statement of Profit and 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 01 April, 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 01 April, 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. The functional currency of Craftsman Europe BV is EURO and the functional currency of Craftsman Automation Singapore Pte Limited is Singapore Dollar (S$).

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 Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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, 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 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 Group's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Group'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 / passenger vehicles, farm equipment, construction / mining equipment.

• **Automotive- Aluminium Products:** This segment develops, manufactures, sells its goods and services consisting 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, special purpose machines, other general engineering products (together broadly termed as "High End Sub-assembly, Contract Manufacturing & Others")and storage 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 Group.

Craftsman Automation Limited

Annexure VI: Statement of Restatement Adjustments to Audited Consolidated Financial Statements
(All amounts are in INR Millions unless otherwise stated)

PART A: Statement of Restatement Adjustments to Audited Consolidated Financial Statements

Reconciliation between audited total comprehensive income and restated total comprehensive income

Particulars	Period ended September 30 2020	Year ended March 31 2020	Year ended March 31 2019	Year ended March 31 2018
Audited total comprehensive income	52.29	406.30	899.60	272.40
Restatement adjustments:				
Proforma Ind AS adjustments				
Impact of lease accounting as per Ind AS 116 - income / (loss)	5.74	16.40	(33.07)	(24.99)
Tax impact of above	(2.02)	(5.67)	11.59	8.65
Restated total comprehensive income	**56.01**	**417.03**	**878.12**	**256.06**

Reconciliation between audited equity and restated equity

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Audited Equity	7,268.32	7,215.90	6,870.20	5,982.70
Restatement adjustments:				
(i) Audit qualifications	-	-	-	-
(ii) Changes in accounting policies				
Impact of lease accounting as per Ind AS 116 - income / (loss)	(35.82)	(41.42)	(57.78)	(24.71)
Tax impact of above	12.48	14.50	20.17	8.58
Restated Equity	**7,244.98**	**7,188.98**	**6,832.59**	**5,966.57**

Changes in accounting policies:
Ind AS 116:
Ind AS 116 - Leases replaced the erstwhile accounting standard on lease accounting Ind AS 17 with effect from 01st April 2019. To ensure consitency of accounting policies in the restated consolidated financial information, the Group has considered adoption of this standard w.e.f 01st April 2017. The impact of Ind AS 116 has been adjusted in the respective years

PART-B: Regrouping

Appropriate regroupings have been made in the Restated Consolidated Financial Information, wherever required, by reclassification of the corresponding terms of income, expense, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per latest consolidated financial statements of the Group for the six months period ended 30th September 2020.

Craftsman Automation Limited
Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

1 Property, Plant and Equipment

Asset Category	Freehold land	Freehold Building (Incl Leasehold Improvements)	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Total
Gross Block							
At April 01, 2017	**764.82**	**1,518.41**	**11,791.30**	**121.57**	**27.78**	**18.76**	**14,242.64**
Additions	-	71.21	1,502.38	19.39	4.11	-	**1,597.09**
Disposals	-	-	(31.65)	(0.49)	(0.34)	(0.41)	**(32.89)**
Translation Reserve	-	0.06	1.01	0.57	0.04	-	**1.68**
At March 31, 2018	**764.82**	**1,589.68**	**13,263.04**	**141.04**	**31.59**	**18.35**	**15,808.52**
Additions	1.56	175.14	3,643.42	20.59	3.46	-	**3,844.17**
Disposals	-	-	(129.20)	(0.81)	(0.30)	(6.22)	**(136.53)**
Translation Reserve	-	(0.01)	(0.02)	(0.12)	-	-	**(0.15)**
At March 31, 2019	**766.38**	**1,764.81**	**16,777.24**	**160.70**	**34.75**	**12.13**	**19,516.01**
Additions	-	64.31	1,113.47	12.58	16.19	-	**1,206.55**
Disposals	-	-	(50.11)	(0.12)	(0.08)	(0.70)	**(51.01)**
Translation Reserve	-	0.03	0.06	0.03	-	-	**0.12**
At March 31, 2020	**766.38**	**1,829.15**	**17,840.66**	**173.19**	**50.86**	**11.43**	**20,671.67**
Additions	-	98.09	682.33	0.19	1.09	-	**781.70**
Disposals	-	-	(37.98)	(0.16)	-	-	**(38.14)**
Translation Reserve	-	0.02	0.04	0.15	-	-	**0.21**
At September 30, 2020	**766.38**	**1,927.26**	**18,485.05**	**173.37**	**51.95**	**11.43**	**21,415.44**
Accumulated Depreciation							
At April 01, 2017	**-**	**107.23**	**1,904.92**	**49.02**	**5.61**	**8.19**	**2,074.97**
Additions	-	75.98	1,205.82	25.98	3.83	3.28	**1,314.89**
Disposals	-	-	(29.09)	(0.29)	(0.34)	(0.30)	**(30.02)**
Translation Reserve	-	0.03	0.84	0.34	0.03	-	**1.24**
At March 31, 2018	**-**	**183.24**	**3,082.49**	**75.05**	**9.13**	**11.17**	**3,361.08**
Additions	-	84.65	1,407.92	26.67	3.89	2.16	**1,525.29**
Disposals	-	-	(129.05)	(0.81)	(0.30)	(4.64)	**(134.80)**
Translation Reserve	-	(0.01)	(0.01)	(0.08)	-	-	**(0.10)**
At March 31, 2019	**-**	**267.88**	**4,361.35**	**100.83**	**12.72**	**8.69**	**4,751.47**
Additions	-	92.11	1,569.07	22.54	4.96	1.38	**1,690.06**
Disposals	-	-	(36.27)	(0.12)	(0.08)	(0.67)	**(37.14)**
Translation Reserve	-	0.03	0.06	0.19	-	-	**0.28**
At March 31, 2020	**-**	**360.02**	**5,894.21**	**123.44**	**17.60**	**9.40**	**6,404.67**
Additions	-	46.88	680.08	9.49	2.66	0.49	**739.60**
Disposals	-	-	(15.53)	(0.08)	-	-	**(15.61)**
Translation Reserve	-	0.02	0.04	0.13	-	-	**0.19**
At September 30, 2020	**-**	**406.92**	**6,558.80**	**132.98**	**20.26**	**9.89**	**7,128.85**
At April 01, 2017	**764.82**	**1,411.18**	**9,886.38**	**72.55**	**22.17**	**10.57**	**12,167.67**
At March 31, 2018	**764.82**	**1,406.44**	**10,180.55**	**65.99**	**22.46**	**7.18**	**12,447.44**
At March 31, 2019	**766.38**	**1,496.93**	**12,415.89**	**59.87**	**22.03**	**3.44**	**14,764.54**
At March 31, 2020	**766.38**	**1,469.13**	**11,946.45**	**49.75**	**33.26**	**2.03**	**14,267.00**
At September 30, 2020	**766.38**	**1,520.34**	**11,926.25**	**40.39**	**31.69**	**1.54**	**14,286.59**

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. 45 of Annexure VII
2. Management, as per the assessment of the current situation, has decided not to fair value freehold land

Craftsman Automation Limited
Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

2 Capital Work in progress

	Tangible	Intangible	Total
Gross Block			
At April 1, 2017	**111.56**	**-**	**111.56**
Additions	176.11	37.59	**213.70**
Disposals	(82.14)	-	**(82.14)**
Translation Reserve	-	-	**-**
At March 31, 2018	**205.53**	**37.59**	**243.12**
Additions	831.61	-	**831.61**
Disposals	(131.00)	(37.59)	**(168.59)**
Translation Reserve	-	-	**-**
At March 31, 2019	**906.14**	**-**	**906.14**
Additions	552.85	-	**552.85**
Disposals	(570.82)	-	**(570.82)**
Translation Reserve	-	-	**-**
At March 31, 2020	**888.17**	**-**	**888.17**
Additions	10.19	-	**10.19**
Disposals	(681.12)	-	**(681.12)**
Translation Reserve	-	-	**-**
At September 30, 2020	**217.24**	**-**	**217.24**
Accumulated Depreciation			
At April 1, 2017	**-**	**-**	**-**
Additions	-	-	**-**
Disposals	-	-	**-**
Translation Reserve	-	-	**-**
At March 31, 2018	**-**	**-**	**-**
Additions	-	-	**-**
Disposals	-	-	**-**
Translation Reserve	-	-	**-**
At March 31, 2019	**-**	**-**	**-**
Additions	-	-	**-**
Disposals	-	-	**-**
Translation Reserve	-	-	**-**
At March 31, 2020	**-**	**-**	**-**
Additions	-	-	**-**
Disposals	-	-	**-**
Translation Reserve	-	-	**-**
At September 30, 2020	**-**	**-**	**-**
At April 1, 2017	**111.56**	**-**	**111.56**
At March 31, 2018	**205.53**	**37.59**	**243.12**
At March 31, 2019	**906.14**	**-**	**906.14**
At March 31, 2020	**888.17**	**-**	**888.17**
At September 30, 2020	**217.24**	**-**	**217.24**

3 Intangible assets

	Computer Software	Product Development	Technical know-how	Total
Gross Block				
At April 1, 2017	**97.51**	**60.87**	**-**	**158.38**
Additions	82.59	-	-	**82.59**
Disposals	(4.79)	(5.46)	-	**(10.25)**
Translation Reserve	1.08	0.82	-	**1.90**
At March 31, 2018	**176.39**	**56.23**	**-**	**232.62**
Additions	9.66	-	43.01	**52.67**
Disposals	(4.64)	(2.38)	-	**(7.02)**
Translation Reserve	0.01	0.01	-	**0.02**
At March 31, 2019	**181.42**	**53.86**	**43.01**	**278.29**
Additions	17.43	-	-	**17.43**
Disposals	-	-	-	**-**
Translation Reserve	-	-	-	**-**
At March 31, 2020	**198.85**	**53.86**	**43.01**	**295.72**
Additions	0.50	-	-	**0.50**
Disposals	-	-	-	**-**
Translation Reserve	-	-	-	**-**
At September 30, 2020	**199.35**	**53.86**	**43.01**	**296.22**
Accumulated Depreciation				
At April 1, 2017	**33.38**	**8.65**	**-**	**42.03**
Additions	27.69	21.91	-	**49.60**
Disposals	(4.79)	(5.46)	-	**(10.25)**
Translation Reserve	0.87	0.74	-	**1.61**
At March 31, 2018	**57.15**	**25.84**	**-**	**82.99**
Additions	31.90	21.28	5.70	**58.88**
Disposals	(4.64)	(2.38)	-	**(7.02)**
Translation Reserve	0.01	0.01	-	**0.02**
At March 31, 2019	**84.42**	**44.75**	**5.70**	**134.87**
Additions	28.28	9.11	17.21	**54.60**
Disposals	-	-	-	**-**
Translation Reserve	-	-	-	**-**
At March 31, 2020	**112.70**	**53.86**	**22.91**	**189.47**
Additions	14.26	-	8.63	**22.89**
Disposals	-	-	-	**-**
Translation Reserve	-	-	-	**-**
At September 30, 2020	**126.96**	**53.86**	**31.54**	**212.36**
At April 1, 2017	**64.13**	**52.22**	**-**	**116.35**
At March 31, 2018	**119.24**	**30.39**	**-**	**149.63**
At March 31, 2019	**97.00**	**9.11**	**37.31**	**143.42**
At March 31, 2020	**86.15**	**-**	**20.10**	**106.25**
At September 30, 2020	**72.39**	**-**	**11.47**	**83.86**

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

4 Right-of-use Asset

Particulars	**As at September 30 2020**	**As at March 31 2020**	**As at March 31 2019**	**As at March 31 2018**
Opening	1,043.10	977.90	637.61	629.45
Additions	-	284.63	517.59	135.20
Amortisation	(103.79)	(205.14)	(177.30)	(127.04)
Deletions	(12.99)	(14.29)	-	-
Closing	**926.32**	**1,043.10**	**977.90**	**637.61**

5 Investments accounted for using equity method

Particulars	**As at September 30 2020**	**As at March 31 2020**	**As at March 31 2019**	**As at March 31 2018**
Investment in Equity of Joint Venture				
Carlstahl Craftsman Enterprises Private Ltd 600,000 equity shares of Rs.10 each fully paid up	6.00	6.00	6.00	6.00
Recognition of opening value of investment in Joint venture	11.93	12.06	7.97	5.43
Share of current period / year profits in Joint Venture	0.36	(0.13)	4.09	2.54
	18.29	**17.93**	**18.06**	**13.97**

6 Investments (Non-Current)

Particulars	**As at September 30 2020**	**As at March 31 2020**	**As at March 31 2019**	**As at March 31 2018**
Investment in Equity instruments (at Fair Value through OCI)				
Quoted				
Jain Irrigation Systems Limited Entire shareholding was sold during the FY19-20 (as on 31-Mar-19, 546 shares of Rs.2 each fully paid up market value Rs. 32,159(cost Rs. 1,00,000))	-	-	0.03	0.06
Unquoted				
MC Craftsman Machinery Private Ltd# 2,10,000 equity shares of Rs.100 each fully paid up	-	-	11.60	13.22
iEnergy wind farm (Theni) Private Ltd 2167 equity shares of Rs.10 each fully paid up	0.02	0.02	0.02	0.02
TAGMA Centre of Excellence and Training 15 equity shares of Rs.10 each fully paid up	0.49	0.49	0.49	0.49
Bhatia Coke & Energy Limited 34,810 equity shares of Rs.10 each fully paid up (cost Rs. 10,999,960) (Refer note: 42.b(ii))	-	11.00	11.00	11.00
Hurricane Windfarms Pvt Limited* 39,000 equity shares of Rs.10 each fully paid up	0.39	0.39	0.39	-
Watsun Infrabuild Private Limited 209,252 equity shares of Rs. 10 each fully paid up	2.09	2.09	-	-
	2.99	**13.99**	**23.53**	**24.79**

*Note: The company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement dated 22nd January 2018 entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates" and accordingly is not considered as a component for consolidated financial statements

Refer note: 43. The changes in the values are routed through OCI

Aggregate amount of quoted investments and market value thereof	**-**	**-**	**0.03**	**0.06**
Aggregate amount of unquoted investments	**2.99**	**13.99**	**23.50**	**24.73**
Aggregate amount of impairment in value of investments	**-**	**-**	**-**	**-**

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

7 Security Deposits (Non-current)

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Rent Deposit	101.76	101.70	96.82	79.89
Other Deposits	109.20	117.60	120.22	101.01
Total	**210.96**	**219.30**	**217.04**	**180.90**

8 Other Financial assets (Non Current)

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Currency swap & Interest Rate Swap Derivative	16.25	105.69	5.85	14.11
	16.25	**105.69**	**5.85**	**14.11**

9 Current tax assets (Net)

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Advance payment of income tax less provisions	-	10.99	-	44.44
	-	**10.99**	**-**	**44.44**

10 Other non-current assets

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Gratuity - excess value of plan assets over obligation	-	25.59	-	-
Capital Advances	68.45	70.45	113.12	269.51
Less: Allowance for ECL on advances	(2.76)	(2.76)	(2.85)	(2.85)
Total	**65.69**	**93.28**	**110.27**	**266.66**

11 Inventories

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Raw Materials, Components and Consumables	1,022.64	1,223.90	963.33	901.53
Work-in-progress	656.50	862.58	1,013.99	958.77
Finished goods	208.28	113.71	113.03	98.10
Consumable Stores	318.05	382.70	390.82	369.13
Tools in use	165.75	202.51	272.81	278.49
Machinery Spares	545.26	430.45	444.29	329.31
Packing Materials	27.42	24.76	22.74	14.75
Stock in transit	55.75	15.54	12.07	54.53
Total	**2,999.65**	**3,256.15**	**3,233.08**	**3,004.61**
Inventory valued at net realisable value	25.40	24.00	16.90	22.70
Amount written down to arrive at net realisable value*	11.50	8.70	9.70	8.90

* These were recognised as an expense during the period / year and included in changes in value of inventories of finished goods and work-in-progress in Statement of Profit and Loss

12 Trade receivables

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Considered good - Secured	-	-	-	-
Considered good - Unsecured	1,851.14	1,943.18	2,100.32	2,016.86
Significant increase in Credit Risk	83.20	61.90	45.71	70.30
Credit impaired	18.40	18.45	19.14	-
Less: Allowance for ECL on trade receivables	(101.60)	(80.34)	(64.85)	(70.30)
Total	**1,851.14**	**1,943.19**	**2,100.32**	**2,016.86**

Refer Note.43 of Annexure VII for receivables from related parties

Movement in allowance for ECL on trade receivables:				
Opening	80.34	64.85	70.30	70.85
Allowance made	35.08	16.52	45.56	42.62
write off made	(13.82)	(1.03)	(51.01)	(43.17)
Closing	101.60	80.34	64.85	70.30

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

13 Cash and cash equivalents

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
a. Balances with banks in current accounts	387.40	596.50	194.21	366.17
b. Cash on hand	0.24	1.11	0.76	1.02
Total	**387.64**	**597.61**	**194.97**	**367.19**

14 Other bank balances

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Margin money against Letter of Credit	116.84	73.92	70.74	119.58
Margin money against Guarantee	0.62	0.10	0.10	-
Other Deposits	44.80	44.79	-	-
	162.26	**118.81**	**70.84**	**119.58**

15 Security Deposits (Current)

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Tender and other deposits	6.71	6.92	8.17	5.60
	6.71	**6.92**	**8.17**	**5.60**

16 Other Financial assets (Current)

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Currency swap, Interest Rate Swaps & Forward cover derivative	49.90	19.16	3.32	1.26
	49.90	**19.16**	**3.32**	**1.26**

17 Other Current assets

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
(Unsecured, considered good unless otherwise stated)				
Balances with Government Authorities	87.77	103.76	92.34	234.88
Advance to Suppliers (Other than Capital Goods)	154.96	68.08	146.31	77.60
Prepaid Expenses	123.09	122.47	172.06	87.24
Advance to Employees	2.77	3.89	6.39	2.40
Contract assets - Unbilled Revenue	17.93	1.31	41.61	45.36
Others	9.84	24.31	17.82	9.09
Total	**396.36**	**323.82**	**476.53**	**456.57**

18 Equity Share capital

Particulars	As at September 30 2020		As at March 31 2020		As at March 31 2019		As at March 31 2018	
	Nos.	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**
<u>**Authorised**</u>								
Equity Shares of Rs.100 each							2,000,000	200.00
Equity Shares of Rs.5 each	40,000,000	200.00	40,000,000	200.00	40,000,000	200.00		
<u>**Issued, called,subscribed & Paid Up**</u>								
Equity Shares of Rs.100 each							1006080	100.61
Equity Shares of Rs.5 each	20,121,600	100.61	20,121,600	100.61	20,121,600	100.61		
Total	**20,121,600**	**100.61**	**20,121,600**	**100.61**	**20,121,600**	**100.61**	**1,006,080**	**100.61**

The movement of equity shares is as below

Particulars								
Shares outstanding at the beginning of the period / year	20,121,600	100.61	20,121,600	100.61	1,006,080	100.61	574,903	57.49
Addition due to sub-division of shares					19,115,520	-		
Bonus shares issued during the period / year							431,177	43.12
Shares outstanding at the end of the period / year	20,121,600	100.61	20,121,600	100.61	20,121,600	100.61	1,006,080	100.61

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

Rights, Preferences and Restrictions to equity shares
The company has only one class of equity shares having a par value of Rs.5 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	As at September 30 2020		As at March 31 2020		As at March 31 2019		As at March 31 2018	
	Nos.	% holding	Nos.	% holding	Nos.	% holding	Nos.	% holding
S Ravi	10630640	52.83%	10630640	52.83%	10630640	52.83%	531532	52.83%
International Finance Corporation-	2828100	14.06%	2828100	14.06%	2828100	14.06%	141405	14.06%
S Murali	2126260	10.57%	2126260	10.57%	2126260	10.57%	106313	10.57%
K Gomatheswaran	1417500	7.04%	1417500	7.04%	1417500	7.04%	70875	7.04%
Marina III (Singapore) Pte Limited	3118500	15.50%	3118500	15.50%	3118500	15.50%	155925	15.50%
Total	**20121000**	**99.99%**	**20121000**	**99.99%**	**20121000**	**99.99%**	**1006050**	**99.99%**

For the period of five years immediately preceding 30th September 2020

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:
- Based on the approval by the shareholders in the Extra ordinary General Meeting held on December 11, 2017, 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 30th September 2020

Sub-division of shares:
The shareholders of the Company at the Extra ordinary General Meeting held on April 30, 2018 approved the subdivision of equity shares of Rs.100/- each into equity shares having a face value of Rs.5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value Rs.5/- each from that date.

19 Other Equity

Particulars		As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Reserves & Surplus					
Securities Premium	A	1,379.53	1,379.53	1,379.53	1,379.53
General Reserves	B	966.21	966.21	966.21	966.21
Retained Earnings	C	4,956.42	4,903.40	4,526.28	3,573.93
Total Reserves & Surplus					
Cash Flow Hedging Reserve	D	(158.68)	(166.06)	(152.27)	(68.82)
Equity instruments through Other Comprehensive Income		(32.10)	(21.10)	(9.47)	(7.82)
Foreign currency translation reserve		20.70	14.47	9.64	14.95
Share of Networth in JV		12.29	11.92	12.06	7.98
Total		**7,144.37**	**7,088.37**	**6,731.98**	**5,865.96**
Additions and Deductions since the last balance sheet date:					
(i) Securities Premium Account					
Opening balance		1,379.53	1,379.53	1,379.53	1,422.65
Issue of Bonus Shares		-	-	-	(43.12)
Closing balance		**1,379.53**	**1,379.53**	**1,379.53**	**1,379.53**

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

(ii) Retained Earnings				
Opening balance	4,903.39	4,526.28	3,573.94	3,275.59
Profit for the year	69.23	410.89	969.64	312.87
Items of other comprehensive income recognised directly in retained				
- Remeasurements of defined benefit obligation (net of tax)	(16.19)	26.86	(5.20)	(7.56)
Dividend (including dividend distribution tax)	-	(60.64)	(12.10)	(6.96)
Transfer from retained earnings				
Closing balance	**4,956.43**	**4,903.39**	**4,526.28**	**3,573.94**
(iii) Cash Flow Hedging Reserve				
Opening balance	(166.06)	(152.27)	(68.82)	(31.97)
Changes in fair value of hedging instruments	11.34	(21.20)	(128.27)	(56.64)
Deferred Tax	(3.96)	7.41	44.82	19.79
Closing Balance	**(158.68)**	**(166.06)**	**(152.27)**	**(68.82)**
(iv) Equity instruments through Other Comprehensive Income				
Opening balance	(21.10)	(9.47)	(7.82)	(6.24)
Changes in fair value of FVOCI equity instruments	(11.00)	(11.63)	(1.65)	(1.58)
Closing Balance	**(32.10)**	**(21.10)**	**(9.47)**	**(7.82)**
(v) Foreign Currency Translation Reserve				
Opening balance	14.47	9.64	14.95	28.31
Exchange differences in translating the financial statements of foreign operations	6.23	4.83	(5.31)	(13.36)
Closing Balance	**20.70**	**14.47**	**9.64**	**14.95**
(vi) Share of profit from JV				
Opening balance	11.92	12.06	7.98	5.43
Share of current period / year profits in Joint Venture	0.43	(0.16)	4.03	2.47
Share of other comprehensive income in Joint Venture	(0.07)	0.03	0.06	0.07
Closing Balance	**12.29**	**11.92**	**12.06**	**7.98**

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 pay-out, bonus issue, etc.

C. Retained Earnings includes Rs 554.23 million of revaluation reserve created due to Land revaluation on transition date to Ind AS (01.04.2015), which will not be available for distribution of profits

D. 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.

E. The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

20 Borrowings (Non-Current)

Particulars	**As at September 30**		**As at March 31 2020**		**As at March 31 2019**		**As at March 31 2018**	
	Non-Current	**Current**	**Non-Current**	**Current**	**Non-Current**	**Current**	**Non-Current**	**Current**
Secured								
From Banks								
Rupee Term Loans	1,837.86	612.84	2,473.63	490.30	2,378.42	725.49	1,815.13	549.66
Foreign Currency Term Loans	3,227.69	1,097.20	3,136.89	790.64	3,614.13	635.98	2,085.15	830.52
	5,065.55	**1,710.04**	**5,610.52**	**1,280.94**	**5,992.55**	**1,361.47**	**3,900.28**	**1,380.18**
From NBFC								
Rupee Term Loans	960.85	115.59	1,072.30	-	939.46	209.01	403.02	62.50
	960.85	**115.59**	**1,072.30**	**-**	**939.46**	**209.01**	**403.02**	**62.50**
Total	**6,026.40**	**1,825.63**	**6,682.82**	**1,280.94**	**6,932.01**	**1,570.48**	**4,303.30**	**1,442.68**

Notes:
1. These are carried at amortised cost.

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Gross loan outstanding as at the end of the period/year	7,886.73	8,005.12	8,550.73	5,772.82
Less: Unamortised portion of upfront fee paid at the end of the period / year	(34.70)	(41.36)	(48.24)	(26.84)
Loans at amortised cost as at the end of the period/year	7,852.03	7,963.76	8,502.49	5,745.98
Less: Current portion as at the end of the period / year	(1,825.63)	(1,280.94)	(1,570.48)	(1,442.68)
Non-Current Borrowing as at the end of the period / year	6,026.40	6,682.82	6,932.01	4,303.30

2. Refer note no 45 for security and terms of borrowings.
* Taken to other current financial liabilities (Note 26)

Net Debt Reconciliation
For the period ended 30 Sep 2020

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing incl. current maturity*	Lease Liability	Total
Opening Net (debt)/ Cash & Cash Equivalents	**597.61**	**(53.87)**	**(2,448.83)**	**(8,035.04)**	**(1,157.65)**	**(11,097.79)**
Acquisition of RoU asset	-	-	-	-	-	-
Pre-closure of leases	-	-	-	-	12.99	12.99
Cash Flows	(210.47)	-	630.09	39.06	84.16	542.84
Fair Value changes	-	(57.61)	-	-	-	(57.61)
Foreign exchange adjustments	0.50	-	29.83	81.21	-	111.54
Interest expense & other charges	-	-	(103.54)	(372.57)	(55.75)	(531.85)
Interest & charges paid	-	-	108.47	364.32	55.75	528.54
Closing Net (debt)/ Cash & Cash Equivalents	**387.64**	**(111.48)**	**(1,783.97)**	**(7,923.03)**	**(1,060.50)**	**(10,491.34)**

For the year ended 31 March 2020

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing incl. current maturity*	Lease Liability	Total
Opening Net (debt)/ Cash & Cash Equivalents	**193.05**	**(130.32)**	**(1,354.73)**	**(8,584.11)**	**(1,054.62)**	**(10,930.73)**
Acquisition of RoU asset	-	-	-	-	(284.41)	(284.41)
Pre-closure of leases	-	-	-	-	14.29	14.29
Cash Flows	403.73	-	(1,092.60)	770.60	167.09	248.82
Fair Value changes	-	76.45	-	-	-	76.45
Foreign exchange adjustments	0.83	-	-	(203.70)	-	(202.87)
Interest expense & other charges	-	-	(382.20)	(857.00)	(104.02)	(1,343.22)
Interest & charges paid	-	-	380.70	839.17	104.02	1,323.89
Closing Net (debt)/ Cash & Cash Equivalents	**597.61**	**(53.87)**	**(2,448.83)**	**(8,035.04)**	**(1,157.65)**	**(11,097.79)**

For the year ended 31 March 2019

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing incl. current maturity*	Lease Liability	Total
Opening Net (debt)/ Cash & Cash Equivalents	**360.43**	**(62.30)**	**(2,724.28)**	**(5,786.67)**	**(658.73)**	**(8,871.55)**
Acquisition of RoU asset		-	-	-	(517.59)	(517.59)
Pre-closure of leases		-	-	-		-
Cash Flows	(166.39)	-	1,416.46	(2,676.21)	121.70	(1,304.44)
Fair Value changes		(68.02)	-	-		(68.02)
Foreign exchange adjustments	(0.99)	-	(45.66)	(80.29)		(126.94)
Interest expense & other charges		-	(421.60)	(766.00)	(95.00)	(1,282.60)
Interest & charges paid		-	420.34	725.06	95.00	1,240.41
Closing Net (debt)/ Cash & Cash Equivalents	**193.05**	**(130.32)**	**(1,354.73)**	**(8,584.11)**	**(1,054.62)**	**(10,930.73)**

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)
For the year ended 31 March 2018

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing incl. current maturity*	Lease Liability	Total
Opening Net (debt)/ Cash & Cash Equivalents	**240.31**	**(69.83)**	**(2,235.41)**	**(5,578.03)**		**(7,642.97)**
Acquisition of RoU asset					(745.06)	(745.06)
Pre-closure of leases		-	-	-		-
Cash Flows	116.47	-	(476.28)	(176.47)	86.33	(449.95)
Fair Value changes	-	7.53	-	-		7.53
Foreign exchange adjustments	3.65	-	(9.22)	(34.73)		(40.30)
Interest expense & other charges	-	-	(532.40)	(538.40)	(71.08)	(1,141.88)
Interest & charges paid	-	-	529.03	540.96	71.08	1,141.07
Closing Net (debt)/ Cash & Cash Equivalents	**360.43**	**(62.30)**	**(2,724.28)**	**(5,786.67)**	**(658.73)**	**(8,871.55)**

*Includes the portion of "interest accrued but not due" pertaining to borrowings.
** does not include foreign currency forward contracts that are used for hedging liabilities that are operating cash flows

21 Other Financial Liabilities (Non-current)

Particulars	**As at September 30 2020**	**As at March 31 2020**	**As at March 31 2019**	**As at March 31 2018**
Currency swap & Interest Rate Swaps Derivative	116.83	103.70	32.36	6.24
Rent Advance	0.20	0.20	0.20	0.20
Lease Liability	879.26	979.72	879.97	550.58
Total	**996.29**	**1,083.62**	**912.53**	**557.02**

Notes:
1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. Interest Rate Swap & Interest Rate Collar derivatives that are hedge effective are carried at fair value
3. Rent advance is carried at amortized cost as it is not material to be fair valued
4. Lease Liability - Please refer Note No B.8 & 46

22 Provisions (Non-current)

Particulars	**As at September 30 2020**	**As at March 31 2020**	**As at March 31 2019**	**As at March 31 2018**
Provision for Warranty Cost	2.15	6.82	-	-
	2.15	**6.82**	**-**	**-**
Note: Movement in Provision for product warranties is as follows :				
Opening	6.82	-	-	1.99
Transferred to Short Term	(5.16)	-	-	(1.99)
Warranty provided for current year	0.49	6.82	-	-
Closing	**2.15**	**6.82**	**-**	**-**

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 ranges from 2 to 5 years

23 Deferred tax liabilities (Net)

Particulars	**As at September 30 2020**	**As at March 31 2020**	**As at March 31 2019**	**As at March 31 2018**
Deferred Tax Liabilities	1,635.41	1,661.84	1,537.70	1,452.37
Deferred Tax Assets	(314.20)	(305.15)	(182.24)	(397.06)
Deferred Tax Liabilities (net)	**1,321.21**	**1,356.69**	**1,355.46**	**1,055.31**
MAT Credit Entitlement- Unused tax credit	(951.67)	(985.84)	(1,000.20)	(735.58)
Total	**369.54**	**370.85**	**355.26**	**319.73**

Note : Refer Note No 40 for detailed deferred tax working and effective tax rate reconciliation

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

24 Borrowings (Short Term)

Particulars		As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Secured					
Loans repayable on demand from banks					
Rupee Loans		604.59	2,442.73	1,348.22	2,342.47
Foreign Currency Loans		1,178.21	-	-	371.62
	Sub-total (A)	**1,782.80**	**2,442.73**	**1,348.22**	**2,714.09**
Unsecured					
Rupee Loans		-	-	-	-
Overdraft		-	-	1.92	6.76
	Sub-total (B)	**-**	**-**	**1.92**	**6.76**
Total	**(A + B)**	**1,782.80**	**2,442.73**	**1,350.14**	**2,720.85**

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

25 Trade payables

Particulars		As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Due to Micro and Small Enterprises-(MSE)		77.22	207.62	241.90	49.49
	Sub-total (A)	**77.22**	**207.62**	**241.90**	**49.49**
Due to Other Suppliers		2,030.11	2,517.59	2,957.04	3,496.07
Accrued Expenses and others		114.19	92.57	113.15	81.76
	Sub-total (B)	**2,144.30**	**2,610.16**	**3,070.19**	**3,577.83**
Total	**(A + B)**	**2,221.52**	**2,817.78**	**3,312.09**	**3,627.32**

26 Other Financial Liabilities (Current)

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Current maturities of long-term debt (refer note 20)	1,825.63	1,280.94	1,570.48	1,442.68
Current portion - lease liability (refer note 46)	181.24	177.93	174.65	108.15
Interest accrued but not due on borrowings	72.17	77.42	93.89	44.19
Currency swap , IRS & Forward cover derivative	60.81	74.50	108.78	70.17
Creditors for capital goods and services	26.87	46.36	421.89	259.33
Employee related liabilities	138.84	121.91	205.55	181.39
Dues to directors	2.03	0.23	1.83	32.92
Others	10.27	12.71	70.01	29.47
Total	**2,317.86**	**1,792.00**	**2,647.08**	**2,168.30**

27 Current tax labilities (Net)

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Income tax provisions less advance payment	1.22	-	50.11	-
	1.22	**-**	**50.11**	**-**

28 Other current liabilities

Particulars	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Advance from customers	357.87	258.43	279.90	199.38
Deferred Revenue- EPCG benefit	189.55	280.01	387.79	30.18
Statutory Dues	146.36	88.99	142.95	60.82
Total	**693.78**	**627.43**	**810.64**	**290.38**

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

29 Provisions (Current)

Particulars	**As at September 30 2020**	**As at March 31 2020**	**As at March 31 2019**	**As at March 31 2018**
Provision for employee benefits				
Gratuity	6.62	-	29.09	28.31
Other Provisions				
Provision for Warranty Cost	11.06	12.31	9.72	4.78
Provision for Rejection	7.63	6.02	12.72	7.78
	25.31	**18.33**	**51.53**	**40.87**

Note:
Movement in Provision for product warranties is as follows :

Opening	12.31	9.72	4.78	3.04
Expired during the period / year	(12.31)	(9.72)	(4.78)	(3.04)
Warranty provided for current period / year	11.06	12.31	9.72	4.78
Closing	**11.06**	**12.31**	**9.72**	**4.78**

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 ranges upto one year.

Movement in Provision for rejection is as follows :

Opening	6.02	12.72	7.78	3.91
Expired during the period / year	(6.02)	(12.72)	(7.78)	(3.91)
Warranty provided for current period / year	7.63	6.02	12.72	7.78
Closing	**7.63**	**6.02**	**12.72**	**7.78**

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
(All amounts are in INR Millions unless otherwise stated)
30 Revenue from Operations

Particulars		**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Sale of products;					
Domestic Sales		3,104.57	8,475.39	9,483.59	7,986.40
Export Sales		642.11	1,393.23	1,619.62	1,275.09
	A.	**3,746.68**	**9,868.62**	**11,103.21**	**9,261.49**
Sale of services;					
Machining Charges		1,168.44	3,831.40	5,323.44	4,517.80
Service Charges		24.70	23.61	13.34	10.77
	B.	**1,193.14**	**3,855.01**	**5,336.78**	**4,528.57**
Other operating revenues;					
Sale of swarf & others		283.54	916.60	1,428.52	1,077.75
Duty Drawback		9.68	25.54	32.53	25.75
EPCG income on fulfilling obligation		90.46	224.90	240.61	195.37
Export Incentive under MEIS		13.68	33.98	38.42	26.38
	C.	**397.36**	**1,201.02**	**1,740.08**	**1,325.25**
Revenue from operations (Gross)(A+B+C)		**5,337.18**	**14,924.65**	**18,180.07**	**15,115.31**

Refer Note no: 51 of Annexure VII "Segment Reporting" for breakup of revenue from operations.

31 Other Income

Particulars	**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Interest Income from deposits measured at amortised cost	5.11	12.71	14.87	17.92
Interest Income due to unwinding of fair valued assets				
-Rent Advance	4.63	8.92	6.06	4.58
Net gain on sale of PPE	5.80	0.28	4.38	(0.04)
Rental income	1.39	2.97	2.87	2.34
Foreign Exchange rate Gain/(Loss) on Transaction & Translation	9.41	49.13	72.65	71.21
Marked-To-Market Gain / (Loss) - Derivative -(Net)	-	1.74	(0.16)	7.88
Unclaimed balances written back	1.68	6.18	35.62	8.92
Others	-	3.99	0.07	0.50
Total	**28.02**	**85.92**	**136.36**	**113.31**

32 Cost of materials consumed

Particulars	**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Cost of goods sold	2,138.71	5,562.57	6,896.83	5,719.16
Carriage inward	26.40	96.42	149.49	154.83
Sub Contract Charges	12.01	58.05	58.56	42.89
Total	**2,177.12**	**5,717.04**	**7,104.88**	**5,916.88**

33 Changes in inventories of finished goods and work-in-progress

Particulars	**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Inventory at the end of the year				
Work in Progress	656.50	862.58	1,013.99	958.77
Finished Goods	208.28	113.71	113.03	98.10
Sub total	**864.78**	**976.29**	**1,127.02**	**1,056.87**
Inventory at the beginning of the year				
Work in Progress	862.58	1,013.99	958.77	794.33
Finished Goods	113.71	113.03	98.10	103.39
Sub total	**976.29**	**1,127.02**	**1,056.87**	**897.72**
(Increase) / decrease in inventory	**111.51**	**150.73**	**(70.15)**	**(159.15)**

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)

34 Employee benefits expense

Particulars	**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Salaries and wages	420.45	1,232.17	1,437.01	1,332.91
Contributions to PF & ESI	14.67	47.28	58.52	58.42
Contribution to Gratuity fund	7.31	15.70	21.09	16.70
Payment to contractors	67.39	221.48	366.91	287.90
Staff welfare expenses	59.63	193.23	284.78	290.36
Total	**569.45**	**1,709.86**	**2,168.31**	**1,986.29**

35 Depreciation and amortization expense

Particulars	**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Depreciation on Property, Plant & Equipment	739.60	1,690.15	1,525.29	1,314.89
Amortisation of Intangible Assets (Software & Dev.Exp.)	22.89	54.59	58.89	49.60
Amortization- Right-of-use Asset	103.79	205.14	177.30	127.04
Total	**866.28**	**1,949.88**	**1,761.48**	**1,491.53**

36 Other expenses

Particulars		**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Manufacturing Expenses					
Stores, Spares & tool consumed		326.83	1,007.60	1,550.17	1,505.04
Power & Fuel		297.39	850.87	966.38	855.95
Repairs & Maintenance					
- Machinery		96.61	519.73	643.25	486.71
- Building		7.07	32.13	46.53	50.19
- Others		28.36	114.35	190.94	209.39
Other manufacturing expenses		4.94	28.24	60.11	31.54
	A.	**761.20**	**2,552.92**	**3,457.38**	**3,138.82**
Administrative Expenses					
Professional and Consultancy charges		18.04	52.73	75.62	80.95
Insurance Charges		17.47	42.91	44.17	40.67
Rates & Taxes		3.93	3.21	23.11	28.37
Software Licenses		21.06	49.07	35.98	37.03
General Administrative Expenses		20.16	57.48	65.97	73.31
Printing & Stationary		2.40	12.06	19.61	18.08
Postage & Telegrams		0.75	3.71	6.95	5.48
Rent		6.03	17.86	21.95	19.42
Telephone Expenses		7.14	24.11	25.70	26.73
Travelling Expenses		7.67	81.08	108.49	108.81
Managerial Remuneration		22.92	64.52	129.18	71.64
Directors' Sitting Fees		0.68	2.27	1.64	0.68
Remuneration to auditors					
Statutory Audit		2.25	5.14	9.18	5.05
Taxation and Certification		1.43	1.35	1.86	1.43
CSR Expenses		2.30	8.95	8.20	9.19
Write off of					
Bad debts		13.82	1.03	51.01	43.17
Tender deposits		-	-	2.16	-
Advances		-	10.96	4.53	3.87
Allowance for ECL on					
Doubtful advances		0.34	(0.09)	-	2.85
Doubtful debts		21.22	15.44	(5.42)	0.03
Provision for					
Warranty		(5.90)	7.65	4.90	3.13
Rejections		1.61	(6.70)	4.95	3.87
	B.	**165.32**	**454.74**	**639.74**	**583.76**
Selling expenses					
Packing material consumed		34.32	145.34	164.40	139.00
Carriage Outward		49.67	181.93	256.09	216.87
Sales Promotion Expenses		9.12	32.34	33.01	32.37
	C.	**93.11**	**359.61**	**453.50**	**388.24**
Total (A+B+C)		**1,019.63**	**3,367.27**	**4,550.62**	**4,110.82**

Annexure VII: Notes to restated consolidated financial information
(All amounts are in INR Millions unless otherwise stated)
37 Finance costs

Particulars	**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Interest expenses				
On Short Term Borrowings	103.54	382.15	421.58	478.99
On Long Term Borrowings at Amortised Cost	364.03	839.88	750.28	530.54
Other Borrowing costs				
Unwinding of discounted Upfront fee on loans	8.54	17.13	15.74	7.95
Interest unwind - lease liability	55.75	104.02	95.00	71.08
Unwinding of Rent Advance	4.63	8.93	6.06	4.58
Other bank charges	18.87	43.77	80.34	53.34
MTM Gain / (Loss) - Derivative -(Net) - Finance Cost	0.01	4.99	1.40	(37.27)
Net (gain)/loss on foreign currency transactions and translation	(38.68)	83.13	35.09	15.62
	516.69	**1,484.00**	**1,405.49**	**1,124.83**

38. The Subsidiaries and Associates considered in the Consolidated Financial Statements:

Following Subsidiaries are considered in the Consolidated Financial Statements:

S.No	Name of the Subsidiary	Country of Incorporation	% of Ownership Interest			
			September 30 2020	March 31 2020	March 31 2019	March 31 2018
1	Craftsman Automation Singapore Pte Ltd*	Singapore	100%	100%	100%	100%
2	Craftsman Europe B.V (formerly Craftsman Marine B.V)	Netherlands	100%	100%	100%	100%

*Note: the Company passed Board Resolution at their meeting held on 20th August 2019 to wind up the subsidiary in Singapore. However, the process of winding up could not be initiated due to outbreak of COVID 19 pandemic. Craftsman Automation Singapore Pte. Ltd. has filed a declaration of solvency with the Accounting and Corporate Regulatory Authority, Singapore on September 30, 2020. The subsidiary was non-operational as on 30th September 2020.

Following Joint Venture is considered in the Consolidated Financial Statements:

S.No	Name of the Joint Venture	Country of Incorporation	% of Ownership Interest			
			September 30 2020	March 31 2020	March 31 2019	March 31 2018
1	Carl Stahl Craftsman Enterprises Private Limited	India	30%	30%	30%	30%

39. Additional Information – Subsidiaries & Joint Ventures:

Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries & Joint Ventures.

Consolidated Net Assets

Name of the entity	September 30 2020		March 31 2020		March 31 2019		March 31 2018	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent Company								
Craftsman Automation Limited	101%	7,353.32	101%	7,290.05	102%	6,972.13	103%	6,154.27
Foreign Subsidiaries								
Craftsman Automation Singapore Pte Ltd	0%	-	0%	0.54	0%	(31.70)	-1%	(31.38)
Craftsman Europe B.V	2%	162.02	2%	136.52	-1%	(79.66)	-2%	(110.52)
Sub Total								
Add/Less: Intragroup eliminations / adjustments	-4%	(270.36)	-3%	(238.12)	0%	(28.18)	-1%	(45.81)
Total	**100%**	**7,244.98**	**100%**	**7,188.98**	**100%**	**6,832.59**	**100%**	**5,966.57**

Consolidated Profit or Loss

Name of the entity	September 30 2020		March 31 2020		March 31 2019		March 31 2018	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent Company								
Craftsman Automation Limited	119%	83.24	92%	377.17	95%	920.27	97%	305.01
Foreign Subsidiaries								
Craftsman Automation Singapore Pte Ltd	0%	-	0%	(1.39)	0%	0.64	0%	0.13
Craftsman Europe B.V	-26%	(18.31)	9%	36.13	5%	52.59	1%	1.93
Sub Total								
Add/Less: Intragroup eliminations / adjustments	7%	4.74	0%	(1.17)	0%	0.18	3%	8.27
Total	**100%**	**69.66**	**100%**	**410.73**	**100%**	**973.67**	**100%**	**315.34**

Consolidated Other Comprehensive Income

Name of the entity	September 30 2020		March 31 2020		March 31 2019		March 31 2018	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent Company								
Craftsman Automation Limited	145%	(19.82)	24%	1.48	95%	(90.32)	78%	(46.00)
Foreign Subsidiaries								
Craftsman Automation Singapore Pte Ltd	4%	(0.54)	-18%	(1.12)	1%	(0.96)	2%	(1.09)
Craftsman Europe B.V	-50%	6.77	95%	5.96	5%	(4.35)	21%	(12.27)
Sub Total								
Add/Less: Intragroup eliminations / adjustments	0%	(0.06)	0%	(0.02)	0%	0.08	0%	0.07
Total	**100%**	**(13.65)**	**100%**	**6.30**	**100%**	**(95.55)**	**100%**	**(59.28)**

Consolidated Total Comprehensive Income

Name of the entity	September 30 2020		March 31 2020		March 31 2019		March 31 2018	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent Company								
Craftsman Automation Limited	113%	63.41	91%	378.65	95%	829.95	101%	259.01
Foreign Subsidiaries								
Craftsman Automation Singapore Pte Ltd	-1%	(0.54)	-1%	(2.51)	0%	(0.32)	0%	(0.96)
Craftsman Europe B.V	-21%	(11.55)	10%	42.08	5%	48.23	-4%	(10.34)
Sub Total								
Add/Less: Intragroup eliminations / adjustments	8%	4.68	0%	(1.19)	0%	0.26	3%	8.35
Total	**100%**	**56.01**	**100%**	**417.03**	**100%**	**878.12**	**100%**	**256.06**

40 Income Tax

Income tax expense for the year reconciled to accounting profit

Particulars	**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Profit before tax	104.95	573.90	1,399.83	435.45
Income tax rate	34.944%	34.944%	34.944%	34.608%
Income tax expense	36.67	200.54	489.16	150.70
Effect of:				
i) EPCG Benefit Capitalisation not considered for Income Tax purpose	(8.05)	(78.59)	(26.38)	(22.37)
ii) Effect of expenses inadmissible for tax	0.52	69.99	1.78	15.53
iii) Deferred tax asset now recognised	-	(11.58)	(9.30)	(40.14)
iv) Effect due to land indexation	-	-	3.46	4.99
v) Effect of other adjustments	(0.29)	(9.49)	(13.85)	2.96
vi) Effect of tax free / lower tax income / loss of overseas subsidiaries	6.29	(7.77)	(17.31)	(2.65)
vii) Effect of share of profit from JV	0.15	0.07	(1.40)	0.85
viii) Difference due to change in tax rate	-	-	-	10.23
Income tax expense as per statement of profit and loss	**35.29**	**163.17**	**426.16**	**120.11**

Movement in deferred tax assets & liabilities

Particulars	September 30 2020	March 31 2020	March 31 2019	March 31 2018
Opening - (Liability) / asset	(370.85)	(355.26)	(319.73)	(341.29)
Charged to profit or loss				
Depreciation & amortisation	30.28	(84.56)	(70.61)	(96.28)
Unabsorbed loss	-	-	(291.40)	(42.55)
Allwance for ECL on trade receivables	2.58	5.40	(1.88)	1.83
Allowance for ECL on Advances and others	(2.11)	84.96	16.15	16.92
Charged to other comprehensive income				
Cash flow hedge reserve	(3.96)	7.41	44.82	19.79
Remeasurement of defined benefit obligation	8.69	(14.43)	2.80	4.06
MAT Credit				
Availed / (utilised)	(34.18)	(14.36)	264.60	117.80
Closing - (Liability) / asset	(369.54)	(370.85)	(355.26)	(319.73)

41 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.

Particulars	September 30 2020	March 31 2020	March 31 2019	March 31 2018
The total expenses recognised in statement of profit and loss represent contribution payable by the Company at rates specified in the rules of the plan.	12.40	35.67	36.26	34.99

Defined benefit plans

The Group 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 year end 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.20 lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the group 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.
Market 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

Discount rate	6.57%	6.54%	7.75%	7.59%
Expected rate of salary increase	5.00%	3.00%	7.00%	8.00%
Attrition rate	5.00%	10.00%	5.00%	5.00%

The estimate of future salary increase (which has been set in consultation with the company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Current Service Cost	8.20	14.80	18.70	16.33
Net interest expense/ (income)	(0.90)	1.00	2.40	0.37
Component of defined benefit cost recognised in P&L	**7.30**	**15.80**	**21.10**	**16.70**
Remeasurement on the net defined benefit liability comprising:				
Actuarial (gain)/loss arising from changes in financial assumptions	20.60	(37.90)	(17.40)	21.55
Actuarial (Gain)/ Losses due to Experience on DBO	2.70	(4.60)	25.40	(9.75)
Actuarial (gain)/loss arising from changes in financial assumptions due to demographic assumption changes in DBO	(0.70)	2.60	(0.60)	-
Return on Plan Assets (Greater) / Less than Disount rate	2.30	(1.40)	0.60	(0.18)
Components of defined benefit costs recognised in other comprehensive income	**24.90**	**(41.30)**	**8.00**	**11.62**
Total Defined Benefit Cost	**32.20**	**(25.50)**	**29.10**	**28.32**

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	150.20	141.90	169.61	142.43
Fair value of plan assets	143.60	167.50	140.51	114.11
Net liability arising from defined benefit obligation (funded)	(6.60)	25.60	(29.10)	(28.32)

Movements in the present value of the defined benefit obligation in the current period/year were as follows:

Opening defined benefit obligation	141.89	169.61	142.43	113.92
Current Service Cost	8.15	14.75	18.65	16.33
Interest Cost	4.22	10.66	12.40	8.34
Benefits paid	(26.62)	(13.20)	(11.34)	(7.96)
Actuarial (gain)/loss	22.60	(39.93)	7.47	11.80
Closing defined benefit obligation	**150.24**	**141.89**	**169.61**	**142.43**

Movements in fair value of plan assets in the current period/year were as follows:

Opening fair value of plan assets	167.46	140.46	114.06	103.73
Interest income of the assets	5.10	9.70	9.96	7.96
Employer contribution	-	29.10	28.31	10.15
Benefits payout	(26.60)	(13.20)	(11.34)	(7.96)
Actuarial (gain)/loss	(2.30)	1.40	(0.53)	0.18
Closing fair value of plan assets	**143.66**	**167.46**	**140.46**	**114.06**

The group 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	2.80	11.10	9.43	8.14

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	137.04	131.19	153.60	128.13
Increase to	165.74	154.29	188.49	159.41
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would				
Increase to	163.64	153.19	185.08	155.56
Decrease to	138.34	131.89	155.73	130.44
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would				
Increase to	151.74	144.99	170.46	142.98
Decrease to	148.54	138.29	168.63	141.95

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 change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

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 group expects to make, to the defined benefit plans for the next financial year, a contribution of .	11.00	12.80	4.91	18.90
Information on the maturity profile of the liabilities:				
Weighted average duration of the DBO	12.87 years	8.46 years	13.48 years	14.49 years
Projected Benefit Obligation	150.24	141.89	169.61	142.43
Accumulated Benefits Obligation	135.60	114.90	96.58	83.55
Maturity Profile :				
Year (i)	13.20			
Year (ii)	9.10			
Year (iii)	7.30			
Year (iv)	8.90			
Year (v)	6.10			
Next 5 year pay-outs(6-10yrs)	30.50			
Pay-outs above ten years	75.20			

42. FINANCIAL INSTRUMENTS

42.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.

	September 30 2020	**March 31 2020**	**March 31 2019**	**March 31 2018**
Debt (long-term and short-term borrowings including current maturities)	9,634.83	10,406.49	9,852.63	8,466.83
Equity	7,244.98	7,188.98	6,832.59	5,966.57
Debt Equity Ratio (times)	**1.33**	**1.45**	**1.44**	**1.42**

42.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.

42.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.

Liabilities	Currency	September 30 2020		March 31 2020		March 31 2019		March 31 2018	
		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
	USD	4.78	354.42	4.10	309.26	0.44	31.07	7.24	477.38
	JPY	98.85	70.07	2.32	1.63	360.82	229.16	171.09	107.02
	EUR	0.03	2.74	0.05	4.07	0.29	23.07	0.06	5.05
	SGD	-	-	-	-	0.00	0.11	0.01	0.64
Payable (trade & other)	**GBP**	0.00	0.18	0.00	0.29	0.72	37.61	-	-
	CHF	0.00	0.00	0.00	0.00	0.03	2.19	0.00	0.00
	AUD	-	-	-	-	-	-	-	-
	SEK	-	-	-	-	-	-	-	-
	CAD	-	-	-	-	-	-	-	-
	USD	70.74	5,238.98	49.26	3,690.74	59.70	4,154.26	49.64	3,251.14
Borrowings (ECB and Others)	**JPY**			-	-	-	-	60.18	36.16
	EUR	3.25	283.96	2.85	236.78	1.22	95.84	-	-
Total Payables (A)			5,950.34		4,242.77		4,573.31		3,877.39
Hedged by derivative contracts (B)		35.70	2,642.06	27.90	2,101.94	55.90	3,890.04	14.50	1,977.20
Unhedged payables (C=A-B)			3,308.28		2,140.83		683.27		1,900.19

Assets	Currency	September 30 2020		March 31 2020		March 31 2019		March 31 2018	
		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
	USD	2.91	213.02	3.48	262.53	4.64	318.31	4.63	297.82
Receivables	**EUR**	0.60	51.57	0.63	52.26	1.04	79.56	1.34	105.86
	GBP	0.00	0.35	-	-	-	-	-	-
Total Receivables (A)			264.93		314.79		397.88		403.68
Hedged by derivative contracts (B)			-		-		-		-
Unhedged receivables (C=A-B)			264.93		314.79		397.88		403.68

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:

Currency	**1% Strengthening of FC**			
	September 30 2020	**March 31 2020**	**March 31 2019**	**March 31 2018**
USD	(53.80)	(37.37)	(38.67)	(34.31)
JPY	(0.70)	(0.02)	(2.29)	(1.43)
EUR	(2.35)	(1.89)	(0.39)	1.01
SGD	-	-	(0.00)	(0.01)
GBP	0.00	(0.00)	(0.38)	-
CHF	(0.00)	(0.00)	(0.02)	(0.00)
	(56.85)	**(39.28)**	**(41.75)**	**(34.74)**

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:

Cash Flow Hedges	**Foreign Currency**		**Equivalent value**		**Fair value of contracts**	
	September 30 2020	**March 31 2020**	**September 30 2020**	**March 31 2020**	**September 30 2020**	**March 31 2020**
Sell USD	5.00	0.15	370.44	10.70	371.05	11.18

Note:
Included in the balance sheet under 'other current financial liabilities'. [Refer Notes 20 of Annexure VII]. For the purpose of relevance, details for the two most recent reporting periods are disclosed.

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**		**Outstanding as on**	
		30-Sep-20	**31-Mar-20**	**30-Sep-20**	**31-Mar-20**
USD Libor	25 bps	0.92	-	368.59	-
INR Baserate	50 bps	16.22	18.77	3,244.92	3,753.68
				3,613.51	**3,753.68**

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 interest rate swap (IRS) contracts for hedging its interest rate risks related to certain external commercial borrowings.

	Sep-20	Mar-20
The mark-to-market loss as at the end of the period / year	(134.60)	(146.60)
The amount recognized in Other Comprehensive Income for the period / year	12.00	(102.80)
The amount recognized in Statement of Profit and Loss for the period /year	-	(5.00)

The company also has an Interest Rate collar for hedging the interest rate risk of one of its external commercial borrowings

	Sep-20	Mar-20
The mark-to-market loss as at the end of the period / year	(12.10)	(11.10)
The amount recognized in Other Comprehensive Income for the period	(0.90)	(11.10)

In addition to the above contract, the company has taken a call option contract which are designated as hedges.

	Sep-20	Mar-20
The mark-to-market loss as at the end of the period / year	11.80	43.80
The amount recognized in Other Comprehensive Income for the period	(32.00)	85.50

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.

	Sep-20	Mar-20
The mark-to-market loss as at the end of the period / year	24.20	60.00
The amount recognized in Statement of OCI for the period / year	(35.80)	109.70
effect given to OCI on account of restatement loss of the underlying foreign currency loans	69.30	(103.00)

Note: For the purpose of relevance, details for the two most recent reporting periods are disclosed.

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

	September 30 2020	March 31 2020	March 31 2019	March 31 2018
Balance as at beginning of the period / year	80.34	64.85	70.30	70.85
Allowance for bad and doubtful during the period / year	35.08	16.52	45.56	42.62
Trade receivables written off during the period / year	(13.82)	(1.03)	(51.01)	(43.17)
Balance as at the end of the period / year	101.60	80.34	64.85	70.30

- Other financial assets:

=> *Investment in Bhatia Coke & Energy Limited*
Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by an insolvency professional appointed by the National Company Law Tribunal (NCLT).

Given this, the Group has fair valued the investment to NIL as at 30-Sep-20. Fair value loss recognized in OCI for the period ended 30th September 2020 is Rs.11.00 million

None of the Group's other cash equivalents, including time deposits with banks, are past due or impaired.

Movement in allowance on ECL for advances:

	September 30 2020	March 31 2020	March 31 2019	March 31 2018
Balance as at beginning of the period / year	2.76	2.85	2.85	-
Allowance for doubtful advances during the period / year	-	10.87	4.53	6.72
Advances written off during the period / year	-	(10.96)	(4.53)	(3.87)
Balance as at the end of the period / year	2.76	2.76	2.85	2.85

42.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 Sep 30 2020				
Bank and other borrowings	3,608.42	5,459.42	566.99	9,634.83
Interest payments on borrowings	578.51	859.36	30.09	1,467.96
Lease liability	181.24	481.38	397.89	1,060.50
Trade Payables	2,221.52	-	-	2,221.52
As at March 31 2020				
Bank and other borrowings	3,723.60	5,971.94	710.95	10,406.49
Interest payments on borrowings	689.89	1,175.60	56.50	1,921.99
Lease liability	177.93	537.59	442.13	1,157.65
Trade Payables	2,817.78	-	-	2,817.78
As at March 31 2019				
Bank and other borrowings	2,920.62	5,792.90	1,139.10	9,852.63
Interest payments on borrowings	823.93	1,583.03	166.77	2,573.73
Lease liability	174.65	459.47	420.50	1,054.62
Trade Payables	3,312.09	-	-	3,312.09
As at March 31 2018				
Bank and other borrowings	4,163.60	3,926.58	376.65	8,466.83
Interest payments on borrowings	510.68	850.22	18.70	1,379.60
Lease liability	108.15	318.75	231.83	658.73
Trade Payables	3,627.32	-	-	3,627.32

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
As at Sep 30 2020				
Currency & Interest Rate Swaps	(76.08)	(34.66)	-	(110.73)
Foreign exchange forwards	(0.76)	-	-	(0.76)
As at March 31 2020				
Currency & Interest Rate Swaps	(55.87)	1.99	-	(53.88)
Foreign exchange forwards	0.53	-	-	0.53
As at March 31 2019				
Currency & Interest Rate Swaps	(103.72)	(26.51)	-	(130.23)
Foreign exchange forwards	(1.74)	-	-	(1.74)
As at March 31 2018				
Currency & Interest Rate Swaps	(70.20)	7.86	-	(62.34)
Foreign exchange forwards	1.30	-	-	1.30

42.c Categories of Financial assets and liabilities:

	September 30 2020	March 31 2020	March 31 2019	March 31 2018
Financial Assets				
a. Measured at amortised cost:				
Investments				
Cash and cash equivalents	387.64	597.61	194.97	367.19
Other bank balances	162.26	118.81	70.84	119.58
Trade Receivables	1,851.14	1,943.19	2,100.32	2,016.86
Security Deposit	217.67	226.22	225.21	186.50
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)				
Investments	2.99	13.99	23.53	24.79
Currency swaps & options and IRS & IRC	66.15	124.35	4.35	-
Others	-	0.50	-	-
c. Mandatorily maintained at fair value through profit or loss (FVTPL)				
Currency swaps & IRS	-	-	4.82	14.10
Others	-	-	-	1.27
Financial Liabilities				
a. Measured at amortised cost:				
Borrowings	9,634.83	10,406.49	9,852.63	8,466.83
Trade Payables	2,221.52	2,817.78	3,312.09	3,627.32
Lease Liability	1,060.50	1,157.65	1,054.62	658.73
Other Financial Liabilities	250.38	258.83	793.37	547.50
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)				
Currency Swaps & IRS	177.62	178.03	139.40	65.69
c. Mandatorily maintained at fair value through profit or loss (FVTPL)				
Currency Swaps & IRS	0.02	0.17	-	10.72
Others	-	-	1.74	-

42.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 (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.

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

	September 30 2020	March 31 2020	March 31 2019	March 31 2018
Assets at fair value				
Investments measured at				
i) fair value through OCI				
· Level 1	-	-	0.03	0.06
· Level 2	-	-	11.60	13.22
· Level 3	2.99	13.99	11.90	11.51
	2.99	13.99	23.53	24.79
Derivative instruments measured at				
i) fair value through OCI				
· Level 1	-	-	-	-
· Level 2	66.15	124.90	4.30	-
· Level 3	-	-	-	-
	66.15	124.90	4.30	-
ii) fair value through P&L				
· Level 1	-	-	-	-
· Level 2	-	-	4.80	15.37
· Level 3	-	-	-	-
	-	-	4.80	15.37
Liabilities at fair value				
Derivative instruments measured at				
i) fair value through OCI				
· Level 1	-	-	-	-
· Level 2	177.61	178.04	139.40	65.69
· Level 3	-	-	-	-
	177.61	178.04	139.40	65.69
ii) fair value through P&L				
· Level 1	-	-	-	-
· Level 2	0.02	0.17	1.70	10.72
· Level 3	-	-	-	-
	0.02	0.17	1.70	10.72

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.

43. Related party disclosure:

S.No	Nature of Relationship	30-Sep-20	31-Mar-20	31-Mar-19	31-Mar-18
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*
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*
3	Wholly Owned Subsidiary	*Craftsman Europe B.V*	*Craftsman Europe B.V*	*Craftsman Europe B.V*	*Craftsman Europe B.V*
		Craftsman Automation Singapore Pte Limited	*Craftsman Automation Singapore Pte Limited*	*Craftsman Automation Singapore Pte Limited*	*Craftsman Automation Singapore Pte Limited*
4	Key Management Personnel	*Mr. Srinivasan Ravi, Chairman And Managing Director*	*Mr. Srinivasan Ravi, Chairman And Managing Director*	*Mr. Srinivasan Ravi, Chairman And Managing Director*	*Mr. Srinivasan Ravi, Chairman And Managing Director*
		Mr. Ravi Gauthamram, Whole Time Director	*Mr. Ravi Gauthamram, Whole Time Director*	*Mr. Ravi Gauthamram, Whole Time Director*	*Mr. Ravi Gauthamram, Whole Time Director*
		Mr. Chandrashekar Bhide, Director	*Mr. Chandrashekar Bhide, Director*	*Mr. Chandrashekar Bhide, Director*	*Mr. Chandrashekar Bhide, Director*
		Mr. Chandramohan Natarajan, Whole Time Director (till 10th July 2020)	*Mr. Chandramohan Natarajan, Whole Time Director*	*Mr. Chandramohan Natarajan, Whole Time Director*	*Mr. Chandramohan Natarajan, Whole Time Director*
		Mr. Sundararaman Kalyanaraman, Director	*Mr. Sundararaman Kalyanaraman, Director*	*Mr. Sundararaman Kalyanaraman, Director*	*Mr. Sundararaman Kalyanaraman, Director (w.e.f. 30.06.17)*
		Mr. Udai Dhawan, Nominee Director	*Mr. Udai Dhawan, Nominee Director*	*Mr. Udai Dhawan, Nominee Director*	*Mr. Udai Dhawan, Nominee Director*
		Mr. Kallakurichi Kanniah Balu, Director (till 23rd May 2020)	*Mr. Kallakurichi Kanniah Balu, Director*	*Mr. Kallakurichi Kanniah Balu, Director*	*Mr. Kallakurichi Kanniah Balu, Director*
		Mrs. VIJAYA SAMPATH, Director	*Mrs. VIJAYA SAMPATH, Director*	*Mrs. VIJAYA SAMPATH, Director*	*Mrs. VIJAYA SAMPATH, Director*
		Mr. C.B.CHANDRASEKAR, Chief Financial Officer	*Mr. C.B.CHANDRASEKAR, Chief Financial Officer (w.e.f. 03 February, 2020)*	*Mr. SIVAKUMAR GOPALAN, Chief Financial Officer*	*Mr. SIVAKUMAR GOPALAN, Chief Financial Officer*
		Mr. THIYAGARAJ DAMODHARASWAMY, Chief Operating Officer	*Mr. SIVAKUMAR GOPALAN, Chief Financial Officer (till 02February, 2020)*	*Mr. THIYAGARAJ DAMODHARASWAMY , Chief Operating Officer-Automotive (w.e.f. 24.05.2018)*	*Mr. RAJAMANICKAM S, Company Secretary (upto Apr-17)*
		Mr. Shainshad Aduvanni, Company Secretary	*Mr. THIYAGARAJ DAMODHARASWAMY, Chief Operating Officer*	*Mr. SHAINSHAD ADUVANNI, Company Secretary*	*Mr. N.V.S. PAVANKUMAR (Aug 12'2017 to Nov 16'2017)*
			Mr. Shainshad Aduvanni, Company Secretary		*Mr. SHAINSHAD ADUVANNI, Company Secretary (From Nov 16'2017)*

B. Related party transactions and balances - summary

Transactions during the period/ year ended	Nature of Relationship	30-Sep-20	31-Mar-20	31-Mar-19	31-Mar-18
Purchase of Goods & Services	Subsidiaries	3.90	16.91	24.42	20.79
	Joint Ventures	5.97	15.13	18.93	31.40
	Common director - company	1.75	11.08	14.84	10.34
Sale of Goods & Services	Subsidiaries	1.58	75.58	82.83	64.59
	Joint Ventures	75.78	197.66	207.68	187.92
	Common director - company	0.00	0.02	0.18	1.15
Sales Commission expenses	Joint Ventures	-	1.54	-	-
Reimbursement of Expenditure to	Subsidiaries	0.16	10.20	8.93	2.81
Reimbursement of Expenditure from	Common director - company	0.12	-	-	-
Unwinding effect of deemed equity	Subsidiaries	29.17	5.60	9.16	8.76
Dividend payments	Key Management Personnel	-	26.58	5.32	3.04
Remuneration to key management personnel	Key Management Personnel	26.00	68.68	66.30	52.41
Commission	Key Management Personnel	3.00	8.64	72.84	22.84
Sitting Fee	Key Management Personnel	0.68	2.27	1.64	0.68
Interest Income	Subsidiaries	-	-	0.10	0.07
Loans given	Subsidiaries	-	-	-	-
Loans recovered	Subsidiaries	3.87	3.02	28.20	13.71
Rental Income	Joint Ventures	0.09	0.18	0.18	0.21
	Common director - company	1.30	2.79	2.69	2.53

Balance as at	Nature of Relationship	30-Sep-20	31-Mar-20	31-Mar-19	31-Mar-18
Trade Receivables	Subsidiaries	0.64	26.57	40.87	59.29
	Joint Ventures	41.19	57.43	66.86	84.26
Trade Payables	Subsidiaries	15.47	18.25	2.40	3.36
	Joint Ventures	0.04	0.32	1.61	7.59
	Common director - company	0.59	2.62	5.37	2.23
Loans - Receivable	Subsidiaries	32.48	43.28	243.30	262.80
Interest receivable	Subsidiaries	0.33	0.30	0.30	0.20
Remuneration payable	Key Management Personnel	2.03	0.20	1.80	32.90
Rent advance received	Common director - company	0.20	0.20	0.20	0.20

C.Significant related party transactions and balances

Transactions during the period/ year ended	Nature of Relationship	30-Sep-20	31-Mar-20	31-Mar-19	31-Mar-18
Purchase of Goods & Services					
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	5.97	15.13	18.93	31.40
Craftsman Automation Singapore Pte Limited	Subsidiary	-	8.09	12.61	13.30
Craftsman Marine BV - Netherlands	Subsidiary	3.90	8.82	11.81	7.48
MC Craftsman Machinery Private Limited	Common director - company	1.75	11.08	14.84	10.34
Sale of Goods & Services					
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	75.78	197.66	207.68	187.92
Craftsman Marine BV - Netherlands	Subsidiary	1.58	75.58	82.83	64.59
MC Craftsman Machinery Private Limited	Common director - company	0.00	0.02	0.18	1.15
Sales Commission Paid					
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	-	1.54	-	-
Reimbursement of Expenditure to					
Craftsman Automation Singapore Pte Limited	Subsidiary	-	-	-	0.01
Craftsman Marine BV - Netherlands	Subsidiary	0.16	10.20	8.93	2.80
Reimbursement of Expenditure from					
MC Craftsman Machinery Private Limited	Common director - company	0.12	-	-	-
Unwinding effect of deemed equity					
Craftsman Marine BV - Netherlands	Subsidiary	29.17	5.60	9.16	8.76
Dividend payments					
Executive Directors	Key Management Personnel	-	26.58	5.32	3.04
Remuneration to key management personnel					
Executive Directors	Key Management Personnel	19.76	50.76	49.50	42.79
Chief Financial Officer	Key Management Personnel	3.04	9.89	9.08	7.14
Chief Operating Officer	Key Management Personnel	2.49	6.50	6.32	-
Company Secretary		0.71	1.53	1.39	2.49
Commission					
Executive Directors	Key Management Personnel	-	6.59	71.89	20.39
Non-Executive	Key Management Personnel	3.00	2.05	0.95	2.45
Sitting Fee					
Non-Executive	Key Management Personnel	0.68	2.27	1.64	0.68
Loans recovered					
Craftsman Marine BV - Netherlands	Subsidiary	3.87	2.01	26.24	13.71
Craftsman Automation Singapore Pte Limited	Subsidiary	-	1.01	1.97	-
		-	-	-	-
Interest Income					
Craftsman Automation Singapore Pte Limited	Subsidiary	-	-	0.10	0.07
Rent Income					
Carl Stahl Craftsman Enterprises Pvt Ltd	Joint Venture	0.09	0.18	0.18	0.21
MC Craftsman Machinery Pvt Ltd	Common director - company	1.30	2.79	2.69	2.53

Balances of Related Parties as on	Nature of Relationship	30-Sep-20	31-Mar-20	31-Mar-19	31-Mar-18
Trade Receivable					
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	41.19	57.43	66.86	84.26
Craftsman Marine BV - Netherlands	Subsidiary	0.64	26.57	40.87	59.29
Trade Payable					
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	0.04	0.32	1.61	7.59
Craftsman Automation Singapore Pte Limited	Subsidiary	-	-	2.09	2.78
Craftsman Marine BV - Netherlands	Subsidiary	15.47	18.25	0.32	0.58
MC Craftsman Machinery Private Limited	Common director - company	0.59	2.62	5.37	2.23
Loans - Receivable					
Craftsman Marine B.V. Netherlands	Subsidiary	32.47	43.30	208.70	227.20
Craftsman Automation Singapore Pte Limited	Subsidiary	0.01	-	34.60	35.60
Interest Receivable					
Craftsman Automation Singapore Pte Limited	Subsidiary	0.33	0.30	0.30	0.20
Rent advance received					
MC Craftsman Machinery Private Limited	Common director - company	0.20	0.20	0.20	0.20
Remuneration payable					
Mr. S Ravi	Key Management Personnel	2.03	0.20	1.80	32.90

Note:

1. All transactions with the related parties are in the normal course of business and on arm's length price

2. Transactions and balances with subsidiary companies are eliminated in these financial statements in accordance with Ind AS 110 Consolidated Financial Statements. The same are disclosed in this note as required under SEBI ICDR Regulations.

44. Contingent Liabilities and Capital Commitments

44.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.

	September 30 2020	March 31 2020	March 31 2019	March 31 2018
i. Claims against the Group not acknowledged as debt				
Excise	0.69	0.69	7.33	12.60
VAT	6.21	5.53	5.23	6.83
Service tax	6.72	6.72	7.70	6.86
GST	2.74	2.74	-	-
Income tax	176.79	176.79	173.28	69.48
Stamp Duty	5.62	5.62	5.62	-
ii. Sales Bill Discounting	-	5.62	376.38	459.83
44.b. Commitment on Capital Account	643.50	304.90	928.10	1,120.00

45. Borrowings:

45a. Non-Current Borrowings:

Lender	Sanctioned Amount			Rate of interest as on September 30, 2020 (p.a.)	Repayment Schedule	Amount outstanding as on September 30, 2020
	Currency	Amount (*in relevant foreign currency*)	Amount (*in ₹*)			
State Bank of India	INR	720.00	720.00	2.60% above MCLR rate	72 monthly instalments	375.65
ICICI Bank Limited	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	342.27
EXIM Bank	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	183.44
	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	88.23
Standard Chartered Bank	USD	5.00	375.00	2.75% above three month LIBOR	20 quarterly instalments	370.30
	USD	8.00	518.00	2.50% above three month LIBOR	20 quarterly instalments	385.11
	USD	6.00	397.20	2.75% above three month LIBOR	20 quarterly instalments	155.53
RBL Bank Limited	INR	400.00	400.00	0.50% above one year MCLR	24 quarterly instalments	249.95
IDBI Bank Limited	INR	320.00	320.00	2.45% above one year MCLR	20 quarterly instalments	127.96
Bajaj Finance Limited	INR	500.00	500.00	10.40%	24 quarterly instalments	237.50
	INR	400.00	400.00	10.25%	24 quarterly instalments	283.33
Kotak Mahindra Bank	INR	320.00	320.00	Rate applicable agreed between bank and borrower	20 quarterly instalments	119.54
Indian Bank Limited	INR	750.00	750.00	1.75% above one year MCLR	48 monthly instalments	756.16
	INR	350.00	350.00	1.05% above one year MCLR	60 monthly instalments	174.81
	INR	368.00	368.00	1.15% above one year MCLR	20 quarterly instalments	281.00
IndusInd Bank Limited	INR	500.00	500.00	1.00% above one year MCLR	20 quarterly instalments	400.00
IDFC First Bank	INR	250.00	250.00	1.40% above IDFC Bank MCLR	16 quarterly instalments	150.00
	EUR	1.91	150.00	5.00%	16 quarterly instalments	145.10
	EUR	1.22	100.00	4.37%	16 quarterly instalments	86.75
International Finance Corporation	USD	30.00	2,175.00	2.75% above six month LIBOR	13 half yearly instalments	2,221.80
Mahindra & Mahindra Financial Services Ltd	INR	400.00	400.00	1.70% above SBI Base rate	48 equal monthly instalments	358.13
CSB Bank Limited	INR	250.00	250.00	0.60% above 1 year MCLR	60 monthly instalments	191.67
Tata Capital Finance Services Limited	INR	400.00	400.00	7.75% below the LTLR subject to a minimum of 10.75% p.a.	Principal – 20 quarterly instalments Interest – 60 monthly instalments	202.50
						7,886.73

All term loans, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Also, a second pari passu charge on current assets of the company are created for all term loans except for loan from Kotak Mahindra Bank, In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director.

45b. Current Borrowings:

Lender	Sanctioned Amount			Rate of interest as on September 30, 2020 (p.a.)	Repayment Schedule	Amount outstanding as on September 30, 2020
	Currency	Amount (*in relevant foreign currency*)	Amount (*in* ₹)			
State Bank of India (Consortium)	INR	1300	1,300.00	2.00% above 1 year MCLR	Repayable on Demand	784.26
HDFC Bank Limited (*Consortium*)	INR	300	300	Linked to HDFC MCLR	Repayable on demand	108.72
Standard Chartered Bank (*Consortium*)	INR	600	600	Base rate + margin (*if availed in* ₹) LIBOR + margin (if availed in foreign currency)	Repayable on demand	393.95
IDBI Bank Limited (*Consortium*)	INR	300	300	Applicable spread over MCLR	Repayable on demand	40.00
Indian Bank Limited (*Consortium*)	INR	700	700	1.40% above one year MCLR	Repayable on Demand	437.21
RBL Bank Limited	INR	100	100	0.50% above one year MCLR	Repayable on demand	18.66
						1,782.80

46. Lease arrangements

The company has adopted Ind AS 116 with modified retrospective approach with effect from April 1, 2017. The company has recognized Rs.629.45 million as "Right-of-Use" Assets and lease liability of Rs.609.86 million as on the transition date (i.e) April 1, 2017. An amount of Rs.66.30 million million has been reclassified from accrued liabilities to Right-of-Use Asset for the accrued operating lease rentals. Further, an amount of Rs. 85.89 million has been reclassified from non-current assets on account of prepayments made towards leases. And In the statement of Profit and Loss account for the reported period/ years, the nature of expenses in respect of operating leases have been changed from lease rent in previous period to "Depreciation" for the Right-of-Use Asset and "Finance Cost" for the interest accrued on lease liability.

46.a Company as lessee :

Following are the changes in the carrying value of right of use assets:

Particulars	**September 30 2020**	**March 31 2020**	**March 31 2019**	**March 31 2018**
Machinery				
Opening	106.35	149.09	11.14	13.00
Additions	-	-	159.14	5.72
Amortization/ expense	(19.62)	(42.74)	(21.19)	(7.59)
Deletion	-	-	-	-
Closing	**86.73**	**106.35**	**149.09**	**11.14**
Land & Buildings				
Opening	936.53	828.81	626.48	616.44
Additions	-	284.41	358.45	129.48
Amortization/ expense	(84.17)	(162.40)	(156.11)	(119.45)
Deletion	(12.99)	(14.29)	-	-
Closing	**839.37**	**936.53**	**828.81**	**626.48**
Total				
Opening	1,042.88	977.90	637.61	629.45
Additions	-	284.41	517.59	135.20
Amortization/ expense	(103.79)	(205.14)	(177.30)	(127.04)
Deletion	(12.99)	(14.29)	-	-
Closing	**926.10**	**1,042.88**	**977.90**	**637.61**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at September 30, 2020:

Particulars	**September 30, 2020**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
Current lease liabilities	181.24	177.93	174.65	108.15
Non-current lease liabilities	879.26	979.72	879.97	550.58
Total	**1,060.50**	**1,157.65**	**1,054.62**	**658.73**

The following is the movement in lease liabilities during the period / year:

Particulars	September 30, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Balance at the beginning of the period	**1,157.65**	**1,054.62**	**658.72**	**609.86**
Additions	-	284.41	517.59	135.20
Finance cost accrued during the period	55.75	104.02	95.00	71.08
Deletion	(12.99)	(14.29)	-	-
Payment of lease liabilities	(139.91)	(271.11)	(216.69)	(157.42)
Balance at the end of the period	**1,060.50**	**1,157.65**	**1,054.62**	**658.72**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis :

Particulars	As at September 30,	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Less than one year	281.50	288.70	230.90	127.70
One to five years	728.50	813.20	668.80	373.40
More than five years	492.70	559.20	450.86	245.07
Total	**1,502.70**	**1,661.10**	**1,350.56**	**746.17**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Particulars	September 30, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Rental expense recorded for short-term leases	6.03	17.86	21.95	19.42
Total cash outflow for leases including short-term	145.94	289.19	238.65	176.83

Note: The Group has elected not to assess any reduction in lease payments during the six months period ended 30th September 2020 as lease modification in accordance with MCA notification G.S.R. 463E dated 24th July 2020 on Ind AS 116 'Leases'

46.b Company as lessor

Company has provided a portion of its building on operating lease to MC Craftsman Machinery Private Ltd & Carlstahl Craftsman Enterprises Private Limited for a period of 3 years.

Non-cancellable operating lease commitments	September 30, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Not later than 1 year	3.00	2.90	2.70	1.30
Later than 1 year but not later than 5 years	0.50	2.00	4.30	-
Later than 5 years	-	-	-	-

47. The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

	September 30 2020	March 31 2020	March 31 2019	March 31 2018
The principal amount due to Micro, Small and Medium Suppliers under this Act	77.22	207.62	241.90	49.49
Interest accrued and due to suppliers on the above amount	0.30	6.50	6.30	-
Interest paid to suppliers under this Act (Section 16)	-	-	-	-
Interest due and payable for the delay (for payment during the year beyond due date)	-	-	-	-
Payment made to suppliers (other than interest) beyond the appointed date, during the period/year	-	-	-	-
Interest accrued and remaining unpaid at the end of period/year to suppliers under this Act	0.30	6.50	6.30	-
Interest due and payable to suppliers under this Act for payment already made	-	-	-	-

The information has been given in respect of Vendors to the extent they could be identified as "Micro and Small Enterprises" on the basis of information available with the Group.

48. Corporate Social Responsibility Expenses

Particulars	March 31 2020	March 31 2019	March 31 2018
(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	13.40	8.00	9.40
(b) Amount spent during the year	8.90	8.20	9.20
Towards			
(i) Construction / acquisition of any asset			
In cash	3.80	2.80	-
Yet to be paid in cash	-	0.70	-
(ii) On purposes other than (i) above			
In cash	5.10	4.70	9.20
Yet to be paid in cash	-	-	-

Note: CSR requirements are to complied on an annual basis. Hence not reported for the six months period ended 30th September 2020

49. Exceptional Item

The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) in June, 2018 for a proposed Initial Public Offering (IPO) of its equity shares. The Company was obligated to go for IPO as an exit option for the PE investors as per the shareholder's agreement. In this relation, the Company had incurred Rs. 57.73 million towards non-recurring IPO related expenses. The proposed IPO had envisaged fresh issue of equity shares by the Company and offer for sale by certain existing shareholders. As the SEBI approval expired in August, 2019 and the market conditions were not conducive for listing, the same was not pursued. Hence, the entire expense was charged off to the Statement of Profit and Loss as "exceptional item" in FY 2019-20.

50. Earnings per Share

	Period ended September 30 2020	Year ended March 31 2020	Year ended March 31 2019	Year ended March 31 2018
Earnings per share				
Basic earnings per share (Rs./share)	3.46	20.41	48.39	15.67
Diluted earnings per share (Rs./share)	3.46	20.41	48.39	15.67
Earnings (before exceptional item) per equity share (Rs./share)	3.46	22.28	48.39	15.67
Profit for the period / year attributable to equity share holders	69.66	410.73	973.67	315.34
Profit before exceptional items attributable to equity share holders	69.66	468.46	973.67	315.34
Total number of equity shares outstanding at the end of the period / year	20.12	20.12	20.12	1.01
Weighted average number of equity shares				
used in the calculation of basic earnings per share	20.12	20.12	20.12	20.12
after adjustment for effect of dilution	20.12	20.12	20.12	20.12

Note: In accordance with Ind AS 33 on "Earnings per Share", weighted average number of shares for the year ended March 31, 2018 has been considered as 20.12 million factoring the subsequent bonus issue & subdivision of equity shares.

51. Segment reporting

Segment revenue	Period ended September 30 2020	Year ended March 31 2020	Year ended March 31 2019	Year ended March 31 2018
Automotive - Powertrain & Others	2,571.10	7,092.90	10,084.99	8,708.82
Automotive - Aluminium Products	1,051.60	2,576.90	3,081.50	2,353.15
Industrial & Engineering	1,714.48	5,254.85	5,013.58	4,053.34
Total revenue as per Statement of Profit and Loss	**5,337.18**	**14,924.65**	**18,180.07**	**15,115.31**

Segment profit or loss	Period ended September 30 2020	Year ended March 31 2020	Year ended March 31 2019	Year ended March 31 2018
Automotive - Powertrain & Others	469.70	1,515.90	2,455.12	1,602.00
Automotive - Aluminium Products	(28.40)	93.60	233.36	85.26
Industrial & Engineering	367.60	971.10	623.61	241.39
Total Segments	808.90	2,580.60	3,312.09	1,928.65
Less: Unallocable expenditure	(215.71)	(550.73)	(647.16)	(484.15)
Add: Other income	28.45	85.76	140.39	115.78
Earnings Before Interest & Tax	621.64	2,115.63	2,805.32	1,560.28
Less: Finance costs	(516.69)	(1,484.00)	(1,405.49)	(1,124.83)
Profit before exceptional items & tax	104.95	631.63	1,399.83	435.45
Exceptional items	-	(57.73)	-	-
Profit Before Tax as per Statement of Profit and Loss	**104.95**	**573.90**	**1,399.83**	**435.45**

Segment assets	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Automotive - Powertrain & Others	9,461.68	9,732.90	10,272.96	8,749.38
Automotive - Aluminium Products	4,467.35	4,776.80	4,647.82	2,667.63
Industrial & Engineering	5,255.54	5,615.30	5,861.33	5,344.03
Total Segments	19,184.57	20,125.00	20,782.11	16,761.04
Add: Unallocable assets	2,497.28	2,906.36	2,471.87	3,233.30
Total assets as per Balance Sheet	**21,681.85**	**23,031.36**	**23,253.98**	**19,994.34**

Segment liabilities	As at September 30 2020	As at March 31 2020	As at March 31 2019	As at March 31 2018
Automotive - Powertrain & Others	5,723.90	6,060.10	7,027.01	5,951.02
Automotive - Aluminium Products	2,922.90	3,170.50	3,190.52	2,097.18
Industrial & Engineering	3,317.50	3,967.70	3,960.47	4,047.64
Total Segments	11,964.30	13,198.30	14,178.00	12,095.84
Add: Unallocable liabilities	2,472.57	2,644.08	2,243.39	1,931.93
Total liabilities as per Balance Sheet	**14,436.87**	**15,842.38**	**16,421.39**	**14,027.77**

Disclosure about major customers:

Revenue from customers individually contributing morethan 10% of total revenue of the Group across all segments amounts to	1,793.70	3,805.66	4,296.35	1,524.15

52. The separate financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards. The Company has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These subsidiaries follow calendar year as their financial year. The financial statements of the subsidiaries for the reported financial period / years have been culled out from their financials for the purpose of consolidation.

For Sharp & Tannan
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Place : Chennai
Date : 05-Dec-2020

Shainshad Aduvanni
Company Secretary M.No.A27895

C.B. Chandrasekar
Chief Financial Officer

Place : Coimbatore
Date : 05-Dec-2020

OTHER FINANCIAL INFORMATION

The audited standalone financial statements of our Company as at and for the year ended March 31, 2020, March 31, 2019, and March 31, 2018 and the reports thereon dated May 7, 2020, May 15, 2019 and July 3, 2018, respectively (the "**Standalone Financial Statements**") are available at www.craftsmanautomation.com. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Standalone Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. Due caution is advised when accessing and placing reliance on any historic or other information available in the public domain. None of the Group or any of its advisors, nor any Book Running Lead Managers or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives, accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

Set forth below are the details of accounting ratios as at September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018 calculated on the of basis Restated Financial Information:

(in ₹ million, except otherwise stated)

Particulars	September 30, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Total Equity	7,244.98	7,188.98	6,832.59	5,966.57
Less: reserve on revaluation on land	(554.23)	(554.23)	(554.23)	(554.23)
Net worth as per regulation 2(1)(hh) of SEBI ICDR Regulations	6,690.75	6,634.75	6,278.36	5,412.34
Profit attributable to the owners of the company	69.66	410.73	973.67	315.34
Weighted average no. of Equity Shares outstanding during the period / year				
- For basic earnings per Equity Share	20.12	20.12	20.12	20.12
- For diluted earnings per Equity Share	20.12	20.12	20.12	20.12
Restated basic earnings per share (in ₹)	3.46	20.41	48.39	15.67
Restated diluted earnings per share (in ₹)	3.46	20.41	48.39	15.67
Return on net worth (%)	1.04%	6.19%	15.51%	5.83%
Net assets value per Equity Share of face value ₹ 5 (in ₹)	332.52	329.73	312.02	268.98
EBITDA	1,487.92	4,065.51	4,566.80	3,051.81

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/period*
   b. *Diluted earnings per share = Net profit attributable to equity share holders/ Weighted average number of diluted potential shares outstanding during the year/period*
   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. *Earnings per share (EPS) calculation is in accordance with Indian Accounting Standard (Ind AS 33 - Earnings per share).*
3. *Bonus shares issued on December 21, 2017 and sub-division of equity shares on April 30, 2018 have been reckoned for the purpose of computing EPS & net asset value per share for the entire reporting period.*
4. *Basic earnings per equity share, Diluted earnings per equity share and Return on Net Worth for the six months period ended September 30, 2020 are not annualised.*
5. *EBITDA = EBITDA stands for earnings before interest, taxes, depreciation and amortization (Restated profit/ (loss) for the year/ period + tax expense + exceptional items + Finance costs + depreciation and amortization).*

CAPITALIZATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2020, on the basis of our Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "***Risk Factors***", "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 22, 224 and 290, respectively.

(*in ₹ million*)

Particulars	Pre-Offer as at September 30, 2020	As adjusted for the proposed Offer*
Shareholders' Funds		
Equity Share Capital	100.61	[●]
Other equity	7,144.37	[●]
Total Shareholders' Funds (A)	**7,244.98**	[●]
Debt		
Current borrowings	1,782.80	[●]
Non-current borrowings (including current maturities)	7,852.03	[●]
Total Debt (B)	**9,634.83**	[●]
Non-current borrowings (including current maturities) /equity ratio	**1.08**	[●]
Total debt/equity ratio	**1.33**	[●]

** The corresponding post-Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the book building process and hence, the same have not been provided in the above statement.*

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 Financial Information, including the reports thereon, each included in this Draft Red Herring Prospectus.

The Restated 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 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**". Please also see "**Risk Factors - Our Company has prepared financial statements under Ind AS. Significant differences exist between Ind AS and other accounting principles.**" on page 50.*

*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 22, 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 are the largest player involved in the machining of cylinder blocks and cylinder heads in the intermediate, medium and heavy commercial vehicles segment as well as in the construction equipment industry in India. We are among the top three-four component players with respect to machining of cylinder block for the tractor segment in India. *(Source: CRISIL Report).* We are present across the entire value chain in the Automotive-Aluminium Products segment, providing diverse products and solutions. Our strong in-house engineering and design capabilities help us offer comprehensive solutions and products to our long standing domestic and international customers in each of the segments in which we operate.

Our comprehensive solutions include design, process engineering and manufacturing including foundry, heat treatment, fabrication, machining and assembly facilities. Our core competence in machining and assembly of industrial and engineering products has helped us to first establish ourselves as a significant player in the Automotive - Powertrain and Others segment. Our key products in this segment are highly engineered and include engine parts such as cylinder blocks and cylinder heads, camshafts, transmission parts, gear box housings, turbo chargers and bearing caps. The end users for our products include OEMs producing commercial vehicles, special utility vehicle, tractors and off-highway vehicles. Additionally, we also provide machining services within our Automotive – Powertrain and Others segment. Over the years, we have been instrumental in import substitution for critical powertrain parts.

We have leveraged our long-term presence in developing aluminium products for precision components to also establish and grow the Automotive - Aluminium Products segment. Within our Automotive – Aluminium Products segment, we are equipped with an array of processes including the high pressure die casting, low pressure die casting and gravity die casting machines to manufacture components, machining tools for machining and assembly lines. Our key products are highly engineered and include crank case and cylinder blocks for two wheelers, engine and structural parts for passenger vehicles and gear box housing for heavy commercial vehicle.

Our sales volume, in terms of tonnage, from the Automotive - Aluminium Products segment was 4,536.13 tonnes, 12,596.22 tonnes, 18,863.83 tonnes and 11,819.04 tonnes for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Within the Industrial and Engineering segment, we have utilized our in-house engineering and design capabilities and developed a diverse product portfolio across two sub-segments, namely, (i) the storage solutions sub-segment under which we have the complete solution for conventional/automated storage; and (ii) the high end precision products sub-segment under which we manufacture aluminium products for power transmission, high-end precision products and undertake sub-assembly, material handling equipment such as hoists, crane kits and industrial gears, manufacture gear and gear boxes, marine engines and accessories, special purpose machines ("**SPM**"), which includes metal cutting and non-metal applications such as washing and leak testing solutions and tool room, mould base and sheet metal. In our storage solutions business, we provide diverse products and solutions such as pallets, racking, shelving, vertical storage solutions to several sectors such as FMCG, E-commerce, food and beverages, logistics, pharmaceutical and electronics. According to the CRISIL Report, the market sizing of storage solutions industry is estimated at ₹ 22 billion as of Fiscal 2020. The industry grew at a CAGR of 15 to 16% over Fiscal 2016 to Fiscal 2020 and is expected to ₹ 36 billion in Fiscal 2024 from ₹ 21 billion in Fiscal 2021. We intend to leverage our strong product development, designing, engineering and manufacturing capabilities, to create opportunities in increasing our market share in the storage solutions business. We have commissioned new strategically located unit in Pune in 2019 for manufacturing storage solutions products which enables us to service the storage solutions market, catering to customers across India.

We have long term relationships with several marquee domestic and global original equipment manufacturers ("**OEMs**") and component manufacturers across our three business segments. Within our Automotive – Powertrain and Others segment, our key customers include Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Simpson & Co. Limited, TAFE Motors and Tractors, Escorts, Ashok Leyland, Perkins, Mitsubishi Heavy Industries, John Deere and JCB India. Within our Automotive – Aluminium Products segment, our key customers include Daimler India, TVS Motors, Royal Enfield, Perkins and Mahindra & Mahindra. Key customers within our industrial and engineering segment include Siemens and Mitsubishi Heavy Industries. 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 direct supply to our OEM customers, under long term agreements, which are renewed from time to time. With our track record and wide product portfolio, we have been able to retain our existing customers and also been able to attract new customers. We have a diversified client base with our top 10 customers accounting for 56.23%, 53.41%, 56.25% and 52.59% of our revenue from operations, in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

We commenced operations in 1986 in Coimbatore, in the State of Tamil Nadu, India. We own and operate 12 strategically located manufacturing facilities across seven cities in India, with a total built up area of over 1.5 million sq. ft., close to some of our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for our customers, and to insulate them from local supply or other disruptions. Our manufacturing facilities include state of the art equipment, engineered layout with process controls and necessary automations for quality and productivity.

Our business is primarily operated from manufacturing facilities which are owned and operated directly by us. We do not have any subsidiaries or joint ventures within or outside India manufacturing any of our products. This allows us to keep our core competencies within our Company, allowing us to ensure strict quality control and safety at each step of our manufacturing process. We have a wholly-owned overseas subsidiary, Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.), set up in 2008 in Netherlands, through which we are engaged in marketing, sales and servicing of marine engines and other associated equipment used in yachts. These products are manufactured and assembled by us in India and exported under the name "Craftsman Marine" and will help us expand our footprint in Europe. We have a track record of growing through joint ventures and strategic alliances, including by gaining access to new customers, business segments, geographies, knowhow and technologies. We have a joint venture in India, Carl Stahl Craftsman Enterprises Private Limited, 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 also have a strategic investment in MC Craftsman Machinery Private Limited, which is majority held by the Mitsubishi group, strengthening our two decades of business relationship with the Mitsubishi group and allowing us recognition and access to customers based in or headquartered out of Japan and the East Asia region.

Our Promoter, Chairman and Managing Director, Srinivasan Ravi, is a mechanical engineer and a first-generation entrepreneur with over 34 years of relevant industry experience. 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 have 14.06% and 15.50% shareholding, respectively, in our Company.

Our total revenue was ₹ 5,337.18 million, ₹ 14,924.65 million, ₹ 18,180.07 million and ₹ 15,115.31 million in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively. Our net profit was ₹ 69.66 million, ₹ 410.73 million, ₹ 973.67 million and ₹ 315.34 million in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Our EBITDA was ₹ 1,487.92 million, ₹ 4,065.51 million, ₹ 4,566.80 million and ₹ 3,051.81 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, having increased at a CAGR of 15.42%, from Fiscal 2018 to Fiscal 2020. Our EBITDA Margin (EBITDA as a percentage of our total revenue) was 27.88%, 27.24%, 25.12% and 20.19%, respectively, in the same periods, having increased at a CAGR of 16.15%, from Fiscal 2018 to Fiscal 2020.

The share of our three business segments within our revenue from operations has remained relatively stable during this period, with the Automotive – Powertrain and Others, Automotive – Aluminium Products and Industrial and Engineering segments accounting for 48.17%, 19.70% and 32.12% of our revenue from operations in the six months ended September 30, 2020 and 47.52%, 17.27% and 35.21% of our revenue from operations in Fiscal 2020, compared to these three segments accounting for 55.47%, 16.95% and 27.58% of our revenue from operations in Fiscal 2019, and 57.62%, 15.57% and 26.82% of our revenue from operations in Fiscal 2018. In our Automotive – Powertrain and Others segment and Industrial and Engineering segment, we undertake domestic sales as well as exports to various customers. Our domestic sales in the Automotive – Powertrain and Others segment contributed 46.40%, 45.35%, 53.55% and 55.05% of our revenue from operations for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively, while export sales contributed 1.77%, 2.18%, 1.93% and 2.56%, respectively, in the same periods. In our Industrial and Engineering segment, domestic sales contributed 19.89%, 26.14%, 18.88% and 19.46% of our revenue from operations for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively, while export sales contributed 12.24%, 9.06%, 8.70% and 7.36%, respectively, in the same periods. We supply to various customers with global presence who export our products to demand their business demand abroad.

We have also built-up a significant size of assets in our machining and manufacturing capacities to meet the growing demand for products from our customers and to expand into new segments. As of the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, the Gross Block was ₹ 21,928.90 million, ₹ 21,855.56 million, ₹ 20,700.44 million and ₹ 16,284.26 million. The significant capital expenditure in the earlier years have positioned our Company well to take advantage of future growth opportunities. For the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our capital expenditure aggregated to ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million, respectively, used to modernize and upgrade our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity. For the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, our Return on Capital Employed ("**ROCE**") (calculated as earnings before interest and tax divided by the difference between our total assets and total current liabilities) was 4.25%, 13.80%, 18.66% and 14.00%. Our net worth was ₹ 6,690.75 million, ₹ 6,634.75 million, ₹ 6,278.36 million and ₹ 5,412.34 million as on September 30, 2020 and as on March 31, 2020, 2019 and 2018, respectively, while our return on average net worth was 1.05%, 6.36%, 16.66% and 5.96% and our Return on Equity ("**ROE**") was 1.04%, 6.19%, 15.51% and 5.83% for the same periods.

We have been consistently recognized by customers for the high-quality of the products supplied by us. For further details on our recent awards and accolades, see "***Business – Awards and Recognitions***" on page 184. We are also 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.

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, 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.

The outbreak of COVID-19 has significantly and adversely impacted and will likely continue to impact economic activity and has contributed to significant volatility in global financial markets and led to operational challenges. In response to the COVID-19 outbreak, the governments of many countries, including India have taken preventive or protective actions, such as issuing advisories and imposing country or state wide lockdowns, which have significantly slowed down economic activity. According to the CRISIL Report, this, coupled with the effects of a troubled global economy, resulted in the worst ever real GDP contraction on record of 23.9% on-year in the first quarter of Fiscal 2020. According to the CRISIL Report, the COVID-19 curve appears to be flattening in India, with high frequency data in September evidencing improving economic conditions. For further details, see "***Risk Factors - The extent to which the coronavirus disease (COVID-19) affects our business, results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted.***" and "***Business - Impact of COVID-19 on our business operations***" on pages 22 and 186, respectively.

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 95, 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 42.66%, 39.09%, 38.41% and 37.81% of our total income for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively. Our financial condition and results of operations are significantly impacted by the availability and costs of raw materials, particularly steel, aluminium ingots, ferrous castings and tools.

We rely significantly on five of our 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 six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our EBITDA Margin was 27.88%, 27.24%, 25.12% and 20.19%, respectively. Our overall EBITDA margin increased at a CAGR of 16.15% on a restated consolidated basis, from 20.19% in Fiscal 2018 to 27.24% in Fiscal 2020.

Employee benefits expense comprises a large part of our expense after raw material costs. For the six months ended September 30, 2020 and in Fiscals 2020, 2019 and 2018, our employee benefits expense aggregated to ₹ 569.45 million, ₹ 1,709.86 million, ₹ 2,168.31 million and ₹ 1,986.29 million, respectively, and, as a percentage of our revenue from operations, were 10.67%, 11.46%, 11.93% and 13.14%, respectively in those periods. Our employee benefit expenses are affected by statutorily prescribed minimum wage as well as wage payments following retrenchment, besides the increase in headcount due to increase in volumes. As a material portion of our overall manpower is located in India, rising wages in India will have a material impact on our net income. In recent times, labour related costs have been rising in India. While our employee benefit expenses may increase in absolute terms, we have been able to improve our operational efficiencies, which has resulted in a reduction in our employee benefits expense as a percentage of our revenue from operations.

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. Within our Automotive – Powertrain and Others segment, our key customers include TVS Motors, Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Simpson & Co. Limited, TAFE Motors and Tractors, Escorts, Ashok Leyland, Perkins, Nelcast, Mitsubishi Heavy Industries, John Deere and JCB India. Within our Automotive – Aluminium Products segment, our key customers include Daimler India, Royal Enfield and Mahindra & Mahindra. Key customers within our industrial and engineering segment include Siemens and Mitsubishi Heavy Industries. We have a diversified client base with our top 10 customers accounting for 56.23%, 53.41%, 56.25% and 52.59% of our revenue from operations, in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, 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 292). 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.

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 and Markets

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 under the high end precision products sub segment with a variety of products including material handling equipment such as hoists, crane kits, industrial gears/ gear boxes, marine engines and accessories, tool room, mould base products and SPMs which includes metal cutting and non-metal applications such as washing and leak testing solutions.

According to the CRISIL Report, the market sizing of storage solutions industry, comprising pallets, racking and shelving, is estimated at ₹ 22 billion as of Fiscal 2020. The industry grew at a CAGR of 15 to 16% over Fiscal 2016 to Fiscal 2020 and is expected to ₹ 36 billion in Fiscal 2024 from ₹ 21 billion in Fiscal 2021. We intend to leverage our strong product development, designing, engineering and manufacturing capabilities in storage solutions and to create opportunities in increasing our market share in the storage solutions business. We continue to provide storage solutions to a diverse customer base, including customers in the FMCG, E-commerce, food and beverages, third party logistics, pharmaceutical and electronics sectors We have commissioned a new unit in Pune in 2019 for manufacturing storage solutions which enables us to service the storage solutions market, primarily catering to customers in the western and central markets in India.

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.

Through our overseas subsidiary, Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.), we are already engaged in marketing, sales and servicing of marine engines and engineering products in Europe under the name "Craftsman Marine" with the aim to expand our footprint in Europe and grow our export sales by gaining access to new customers, business segments and geographies. We have a joint venture in India, Carl Stahl Craftsman Enterprises Private Limited, 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 also have a strategic investment in MC Craftsman Machinery Private Limited, which is majority held by the Mitsubishi group, strengthening our two decades of business relationship with the Mitsubishi group and allowing us recognition and access to customers based in or headquartered out of Japan and the East Asia region.

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 Funds for Capital Expenditure and Working Capital Requirements

Given the sector in which we operate, we have substantial capital expenditure and working capital requirements. We have significantly invested in in our machining and manufacturing capacities to meet the growing demand from our customers and to expand our product portfolio. For the six months ended September 30, 2020 and

Fiscals 2020, 2019 and 2018, our capital expenditure aggregated to ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million, respectively. As of the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, the Gross Block was ₹ 21,928.90 million, ₹ 21,855.56 million, ₹ 20,700.44 million and ₹ 16,284.26 million.

For the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, our ROCE was 4.25%, 13.80%, 18.66% and 14.00%, while, given our Net Worth of ₹ 6,690.75 million, ₹ 6,634.75 million, ₹ 6,278.36 million and ₹ 5,412.34 million as on September 30, 2020 and as on March 31, 2020, 2019 and 2018, respectively, our ROE for the same periods was 1.04%, 6.19%, 15.51% and 5.83%.

Our finance costs have historically been significant as we have undertaken significant capital expenditure in the earlier years of our business, with a view to further enhance our machining and manufacturing capacities, such as commissioning the new unit in Pune in 2019 for manufacturing storage solutions. Our finance costs include 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 increased by 31.93% from ₹ 1,124.83 million in Fiscal 2018 to ₹ 1,484.00 million in Fiscal 2020. As a percentage of our total income, our finance costs have increased from 7.39% of our total income for Fiscal 2018 to 9.89% for Fiscal 2020, primarily as a result of increase in interest expenses on our long term borrowings to fund our capital expenditure on account of increased borrowings during this period to meet our high working capital requirements during this period.

As of September 30, 2020, 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 ₹ 10,424.26 million. For further information, see ***Objects of the Offer - Details of the Objects of the Fresh Issue - Repayment/pre-payment, in full or part, of certain borrowings availed of by our Company***" and "***Financial Indebtedness***" on pages 78 and 324, respectively.

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.

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.

Leases

We evaluate if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. We use significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. We make an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, we consider factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to our operations taking into account the location of the underlying asset and the availability of suitable alternatives. We revise the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate.

Principles of Consolidation

The Consolidated Financial Statements relate to our Company, our subsidiaries and joint venture. 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.
- 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.

- 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.

Estimation of uncertainties relating to the global health pandemic from COVID-19

The COVID-19 pandemic has impacted the businesses around the world, including India. There has been severe disruption to our regular operations in the first quarter of Fiscal 2021 due to Government imposed emergency restrictions and lockdown.

We have assessed the impact on liquidity position and carrying amounts of inventories, trade receivables, investments, property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date.

We will continue to monitor the future economic conditions and assess its impact on the financial statements. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of the consolidated financial statements.

Property Plant and Equipment

All Property Plant & Equipment barring land as at transition date are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the PPE (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

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.

We capitalize the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme.

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of 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

<u>Depreciation on Plant Property and Equipment</u>

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	5 years
Technical Knowhow - acquired	2.5 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

<u>As lessee</u>

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.

<u>As lessor</u>

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.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in our financial statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  (ii) the amount of the obligation cannot be measured with sufficient reliability.

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.

<u>Sale of Goods</u>

Revenue from the sale of goods is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer.

The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as GST or other taxes directly linked to sales.

<u>Rendering of Services</u>

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.

<u>Other Operating revenues</u>

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.

<u>Dividend and Interest Income</u>

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 like Duty Drawback, Merchandise Exports from India Scheme(MEIS)) 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.

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$). We have initiated the process of winding up the subsidiary in Singapore. The subsidiary was non-operational as on September 30, 2020.

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.

Minimum Alternate Tax

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 our right of adjustment would lapse.

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 carry forward 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 storage solutions as well as castings, gears, material handling equipment, special purpose machines and other general engineering products to various end user industries.

Changes in Accounting Policies

Ind AS 116 - leases replaced the erstwhile accounting standard on lease accounting Ind AS 17 with effect from April 1, 2019. To ensure consistency of accounting policies in the Restated Financial Information, the Company has considered adoption of this standard with effect from April 1, 2017. The impact of Ind AS 116 has been adjusted in the respective years.

Summary of Results of Operations

The following is a summary of our profit and loss account as per our Restated Financial Information for the periods indicated:

Particulars	Six months ended September 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	in ₹ million	% of total income	in ₹ million	% of total income	in ₹ million	% of total income	in ₹ million	% of total income
Income								
Revenue from Operations	5,337.18	99.48	14,924.65	99.43	18,180.07	99.26	15,115.31	99.26
Other Income	28.02	0.52	85.92	0.57	136.36	0.74	113.31	0.74
Total Income	**5,365.20**	**100.00**	**15,010.57**	**100.00**	**18,316.43**	**100.00**	**15,228.62**	**100.00**
Expenses								
Cost of materials consumed	2,177.12	40.58	5,717.04	38.09	7,104.88	38.79	5,916.88	38.85
Changes in inventories of finished goods and work-in-progress	111.51	2.08	150.73	1.00	(70.15)	(0.38)	(159.15)	1.05
Excise duty on sale of goods	-	-	-	-	-	-	324.44	2.13
Employee benefits expense	569.45	10.61	1,709.86	11.39	2,168.31	11.84	1,986.29	13.04
Depreciation and amortization expense	866.28	16.15	1,949.88	12.99	1,761.48	9.62	1,491.53	9.79
Other expenses	1,019.63	19.00	3,367.27	22.43	4,550.62	24.84	4,110.82	26.99
Finance costs	516.69	9.63	1,484.00	9.89	1,405.49	7.67	1,124.83	7.39
Total expenses	**5,260.68**	**98.05**	**14,378.78**	**95.79**	**16,920.63**	**92.38**	**14,795.64**	**97.16**
Profit before share of profit from joint venture & tax	**104.52**	**1.95**	**631.79**	**4.21**	**1,395.80**	**7.62**	**432.98**	**2.84**
Share of profit from Joint Venture	0.43	0.01	(0.16)	0.00	4.03	0.02	2.47	0.02
Profit before exceptional items	104.95	1.96	631.36	4.21	1,399.83	7.64	435.45	2.86
Exceptional items	-	-	(57.73)	-	-	-	-	-
Profit before tax	104.95	1.96	573.90	3.82	1,399.83	7.64	435.45	2.86
Tax expense:								
Net Current Tax	65.55	1.22	168.35	1.12	78.39	0.43	-	-
Deferred Tax	(30.26)	(0.56)	(5.18)	(0.03)	347.77	1.90	120.11	0.79
Profit for the period/ year	**69.66**	**1.30**	**410.73**	**2.74**	**973.67**	**5.32**	**315.34**	**2.07**

EBITDA and EBITDA Margin

The following table sets forth our Earnings before Interest, Taxes, Depreciation and Amortization Expenses ("**EBITDA**") and the manner in which it is calculated for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018. We define our EBITDA Margin as EBITDA divided by revenue from operations (net).

(in ₹ million except for EBITDA Margin)

Particulars	Six months ended September 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
Profit before tax	104.95	573.90	1,399.83	435.45
Add: Finance costs	516.69	1,484.00	1,405.49	1,124.83
Add: Depreciation and amortization expense	866.28	1,949.88	1,761.48	1,491.53
Add: Exceptional items	0.00	57.73	0.00	0.00
EBITDA	**1,487.92**	**4,065.51**	**4,566.80**	**3,051.81**

Particulars	Six months ended September 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
EBITDA Margin (EBITDA as a percentage of revenue from operations)	27.88%	27.24%	25.12%	20.19%

The following table sets forth a breakdown of segment-wise profitability for our three business segments, and our EBITDA and our EBITDA margins for the time periods indicated:

Segments	Six months ended September 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	EBITDA (in ₹ million)	EBIDTA margin * (in %)	EBITDA (in ₹ million)	EBIDTA margin *(in %)	EBITDA (in ₹ million)	EBIDTA margin *(in %)	EBITDA (in ₹ million)	EBIDTA margin *(in %)
Automotive – Powertrain and Others	899.74	34.99	2,533.24	35.72	3,392.88	33.64	2,438.85	28.00
Automotive – Aluminium Products	138.32	13.15	429.01	16.65	504.33	16.37	240.33	10.21
Industrial and Engineering	526.35	30.70	1,314.71	25.02	894.03	17.83	461.25	11.38
Total	**1,564.41**	**29.31**	**4,276.96**	**28.66**	**4,791.24**	**26.35**	**3,140.43**	**20.78**
Less: Un-allocable expenditure	(104.94)	-	(297.21)	-	(364.83)	-	(204.40)	-
Add: Other Income	28.45	-	85.76	-	140.39	-	115.78	-
EBITDA	**1,487.92**	**27.88**	**4,065.51**	**27.24**	**4,566.80**	**25.12**	**3,051.81**	**20.19**

** Calculated as EBITDA divided by revenue from the respective segment*

Our overall EBITDA increased at a CAGR of 15.42% on a restated consolidated basis, from ₹ 3,051.81 million in Fiscal 2018 to ₹ 4,065.51 million in Fiscal 2020.

Return on Capital Employed

We calculate our ROCE as earnings before interest and tax divided by the difference between our total assets and total current liabilities. For the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, our ROCE was 4.25%, 13.80%, 18.66% and 14.00%.

Capital Expenditure

We have substantial capital expenditure and working capital requirements. For the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our capital expenditure aggregated to ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million, respectively.

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

Segments	Six months ended September 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	Capital expenditure (in ₹ million)*	% of the segmental revenue	Capital expenditure (in ₹ million)	% of the segmental revenue	Capital expenditure (in ₹ million)	% of the segmental revenue	Capital expenditure (in ₹ million)	% of the segmental revenue
Automotive – Powertrain and Others	44.93	1.75	137.51	1.94	1,502.42	14.90	424.42	4.87
Automotive – Aluminium Products	19.90	1.89	792.23	30.74	1,728.40	56.09	834.90	35.48
Industrial and Engineering	22.75	1.33	206.99	3.94	1,102.34	21.99	188.71	4.66
Total	**87.58**	**1.64**	**1,136.73**	**7.62**	**4,333.16**	**23.83**	**1,448.03**	**9.58**

** Excludes unallocated capital expenditure*

EBITDA, EBITDA Margin and ROCE are non-GAAP financial measures relating to our operations and financial performance which we consider to be useful measures of our business and financial performance. These 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, EBITDA Margin and ROCE 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 these non GAAP measures 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 these non GAAP measures 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

Our revenue from operations comprises sale of products, sale of services, and other operating revenues.

Our revenue from sale of products accounted for 69.83%, 65.74%, 60.62% and 60.82% of our total income for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively. Our revenue from sale of products comprises revenues from products sold domestically and to export customers. Our revenue from sale of services (comprising machining and services charges) accounted for 22.24%, 25.68%, 29.14% and 29.74% of our total income for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Our other operating revenues accounted for 7.41%, 8.00%, 9.50% and 8.70% of our total income for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively. Our other operating revenues comprise revenue from sale of swarf (being scrap metal and aluminium parts resulting from our machining and other manufacturing process), duty drawback, EPCG income on fulfilling export obligations and export incentive under the Merchandise Exports from India scheme resulting from our export sales.

Particulars	**Six months ended September 30, 2020**		**Fiscal 2020**		**Fiscal 2019**		**Fiscal 2018**	
	in ₹ million	**% of revenue from operations**	**in ₹ million**	**% of revenue from operations**	**in ₹ million**	**% of revenue from operations**	**in ₹ million**	**% of revenue from operations**
Domestic Sales	3,104.57	58.17	8,475.39	56.79	9,483.59	52.16	7,986.40	52.84
Export Sales	642.11	12.03	1,393.23	9.34	1,619.62	8.91	1,275.09	8.44
Total Sale of products (A)	**3,746.68**	**70.20**	**9,868.62**	**66.12**	**11,103.21**	**61.07**	**9,261.49**	**61.28**
Sale of services (B)	**1,193.14**	**22.36**	**3,855.01**	**25.83**	**5,336.78**	**29.36**	**4,528.57**	**29.96**
Other operating revenues (C)	**397.36**	**7.45**	**1,201.02**	**8.05**	**1,740.08**	**9.57**	**1,325.25**	**8.77**
Revenue from operations (Gross) (A+B+C)	**5,337.18**	**100.00**	**14,924.65**	**100.00**	**18,180.07**	**100.00**	**15,115.31**	**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	Six months ended September 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	in ₹ million	% of revenue from operations	in ₹ million	% of revenue from operations	in ₹ million	% of revenue from operations	in ₹ million	% of revenue from operations
Automotive - Powertrain and Others	2,571.10	48.17	7,092.90	47.52	10,084.99	55.47	8,708.82	57.62
Automotive - Aluminium Products	1,051.60	19.70	2,576.90	17.27	3,081.50	16.95	2,353.15	15.57
Industrial and Engineering	1,714.48	32.12	5,254.85	35.21	5,013.58	27.58	4,053.34	26.82
Revenue from Operations	**5,337.18**	**100.00**	**14,924.65**	**100.00**	**18,180.07**	**100.00**	**15,115.31**	**100.00**

Other income

Our other income accounted for 0.52%, 0.57%, 0.74% and 0.74% of our total income for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Our other income comprises interest income from deposits (measured at amortized cost), interest income due to unwinding of fair valued assets such as rent advance and deemed equity, net gain on sale of assets, rental income, exchange rate gain or loss on transaction and translation, mark-to-market gain or loss – derivative, unclaimed balances written back and others.

Expenses

Cost of materials consumed

Our cost of materials consumed comprises cost of consumption, carriage inward, and sub-contract charges.

The following table sets out the cost of our materials consumed as a percentage of our total income for the periods indicated:

Particulars	Six months ended September 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	in ₹ million	%	in ₹ million	%	in ₹ million	%	in ₹ million	%
Cost of materials consumed	2,177.12	40.58	5,717.04	38.09	7,104.88	38.79	5,916.88	38.85

Change in inventories of finished goods

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

We paid excise duty of ₹ 324.44 million on the sale of our goods for Fiscal 2018, which accounted for 2.13% of our total income. We were not required to pay any excise duty for Fiscals 2020 and 2019 and the six months ended September 30, 2020 as goods and service tax has been implemented from July 1, 2017.

Employee benefits expense

Employee benefits expense primarily comprise salary and wages, contributions to provident fund and employee state insurance, contribution to gratuity fund, payment to contractors 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	Six months ended September 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	in ₹ million	%	in ₹ million	%	in ₹ million	%	in ₹ million	%
Employee benefits expense	569.45	10.61	1,709.86	11.39	2,168.31	11.84	1,986.29	13.04

Other expenses

Our other expenses accounted for 19.00%, 22.43%, 24.84% and 26.99% of our total income for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Other expenses primarily comprised manufacturing expenses (which consisted of expenses in relation to stores, spares and tool consumed, power and fuel, repairs and maintenance towards machinery, building, and others), administrative expenses (which primarily consisted of professional and consultancy charges, rent, travelling expenses, managerial remuneration, insurance charges, expenses in relation to software licenses, and others), and selling expenses (which comprised packing material consumed, carriage outwards, and sales promotion expenses).

EBITDA

Our EBITDA was ₹ 1,487.92 million, ₹ 4,065.51 million, ₹ 4,566.80 million and ₹ 3,051.81 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Our EBITDA came to 27.88%, 27.24%, 25.12% and 20.19%, as a percentage of revenue from operations, for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Depreciation and amortization expense

Our depreciation and amortization expense accounted for 16.15%, 12.99%, 9.62% and 9.79% of our total income for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Depreciation and amortization expense comprises depreciation on property, plant and equipment, amortization of intangible assets (software and development expenditure) and amortization of right-of-use-assets.

Finance costs

Our finance costs accounted for 9.63%, 9.89%, 7.67% and 7.39% of our total income for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, 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 ₹ 104.95 million, ₹ 573.90 million, ₹ 1,399.83 million and ₹ 435.45 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Tax expenses

Our tax expenses include current tax, deferred tax and MAT credit entitlement.

Our current tax was ₹ 65.55 million, ₹ 168.35 million, ₹ 78.39 million and ₹ Nil million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Our deferred tax was ₹ (30.26) million, ₹ (5.18) million, ₹ 347.77 million and ₹ 120.11 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Profit after tax

Our profit after tax was ₹ 69.66 million, ₹ 410.73 million, ₹ 973.67 million and ₹ 315.34 million for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Our profit after tax came to 1.30%, 2.74%, 5.32% and 2.07%, as a percentage of our total income, for the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively.

Six months ended September 30, 2020

Income

Our total income for the six months ended September 30, 2020 was ₹ 5,365.20 million.

Revenue from operations

Our revenue from operations was ₹ 5,337.18 million and accounted for 99.48% of our total income, for the six months ended September 30, 2020.

Revenue from sale of products

Our revenue from sale of products was ₹ 3,746.68 million and accounted for 69.83% of our total income, for the six months ended September 30, 2020.

Sale of Services

Our revenue from sale of services was ₹ 1,193.14 million and accounted for 22.24% of our total income in the six months ended September 30, 2020.

Other operating revenues

Our other operating revenues aggregated to ₹ 397.36 million and accounted for 7.41% of our total income in the six months ended September 30, 2020.

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	Six months ended September 30, 2020	
	in ₹ million	%
Automotive - Powertrain and Others	2,571.10	48.17
Automotive - Aluminium Products	1,051.60	19.70
Industrial and Engineering	1,714.48	32.12
Revenue from Operations	**5,337.18**	**100.00**

Other income

Our other income was ₹ 28.02 million and accounted for 0.52% of our total income, in the six months ended September 30, 2020.

Expenses

Cost of materials consumed

Our cost of materials consumed was ₹ 2,177.12 million and came to 40.58%, as a percentage of our total income in the six months ended September 30, 2020.

Change in inventories of finished goods

Our opening stock of finished goods was ₹ 113.71 million as on April 1, 2020.

Our closing stock of finished goods was ₹ 208.28 million as on September 30, 2020.

Excise duty on sale of goods

We were not required to pay any excise duty on sale of goods for the six months ended September 30, 2020 as goods and service tax has been implemented from July 1, 2017.

Employee benefits expense

Our employee benefits expense was ₹ 569.45 million and came to 10.61% of our total income in the six months ended September 30, 2020.

Other expenses

Our other expenses were ₹ 1,019.63 million and came to 19.00% of our total income in the six months ended September 30, 2020.

EBITDA

Our EBITDA was ₹ 1,487.92 million for the six months ended September 30, 2020.

Our EBITDA came to 27.73%, as a percentage of our total income in the six months ended September 30, 2020.

Depreciation and amortization expense

Our depreciation and amortization expense was ₹ 866.28 million and accounted for 16.15% of our total income, for the six months ended September 30, 2020.

Finance costs

Our finance costs were ₹ 516.69 million and accounted for 9.63%, of our total income, for the six months ended September 30, 2020.

Profit before tax

Our profit before tax was ₹ 104.95 million for the six months ended September 30, 2020.

Tax expenses

Our current tax and MAT credit entitlement was ₹ 65.55 million and deferred tax was ₹ (30.26) million, for the six months ended September 30, 2020.

Profit after tax

Our profit after tax was ₹ 69.66 million for the six months ended September 30, 2020.

Our profit after tax came to came to 1.30%, as a percentage of our total income, for the six months ended September 30, 2020.

Fiscal 2020 compared to Fiscal 2019

Total Income

Our total income decreased by ₹ 3,305.86 million, or 18.05%, from ₹ 18,316.43 million in Fiscal 2019 to ₹ 15,010.57 million in Fiscal 2020, on account of the factors discussed below.

Revenue from operations

Our revenue from operations decreased by ₹ 3,255.42 million, or 17.91%, from ₹ 18,180.07 million in Fiscal 2019 to ₹ 14,924.65 million in Fiscal 2020, primarily as a result of decrease in the sales of our products and services during this period.

Our revenue from operations accounted for 99.26% of our total income in Fiscal 2019, compared to 99.43% in Fiscal 2020.

Revenue from sale of products

Our revenue from sale of products decreased by ₹ 1,234.59 million, or 11.12%, from ₹ 11,103.21 million in Fiscal 2019 to ₹ 9,868.62 million in Fiscal 2020, primarily as a result of decrease in domestic sales by 10.63% and a decrease in export sales by 13.98%, as discussed below.

Our revenue from sale of products accounted for 60.62% of our total income in Fiscal 2019, compared to 65.74% in Fiscal 2020.

<u>Domestic and export mix</u>

Our revenue from domestic sales decreased by ₹ 1,008.20 million, or 10.63%, from ₹ 9,483.59 million in Fiscal 2019 to ₹ 8,475.39 million in Fiscal 2020, primarily as a result of decrease in domestic sales to customers in the Automotive - Powertrain and Others and Automotive - Aluminium Products segments and a decrease in product sales in our Industrial and Engineering segment.

Our revenue from export sales decreased by ₹ 226.39 million, or 13.98%, from ₹ 1,619.62 million in Fiscal 2019 to ₹ 1,393.23 million in Fiscal 2020, primarily as a result of decrease in export sales in 2019, which was partially offset by increase in sale to our Industrial and Engineering segment customers.

Sale of Services

Our revenue from sale of services decreased by ₹ 1,481.77 million, or 27.77%, from ₹ 5,336.78 million in Fiscal 2019 to ₹ 3,855.01 million in Fiscal 2020, primarily as a result of decrease in machining charges for the commercial vehicles, farm equipment and construction sub-segments of the Automotive - Powertrain and Others segment as a result of decline in sales in the automotive industry.

Our revenue from sale of services accounted for 29.14% of our total income in Fiscal 2019, compared to 25.68% in Fiscal 2020.

Other operating revenues

Our other operating revenues decreased by ₹ 539.06 million, or 30.98%, from ₹ 1,740 million in Fiscal 2019 to ₹ 2,201.02 million in Fiscal 2020, primarily as a result of a decrease in income from sale of swarf and others and a decrease in EPCG income on fulfilling export obligation, commensurate with reduced product sales and exports during this period, as discussed above.

Our other operating revenues accounted for 9.50% of our total income in Fiscal 2019, compared to 8.00% in Fiscal 2020.

Segment mix

Our revenue from the Automotive - Powertrain and Others, Automotive - Aluminium Products and the Industrial and Engineering segments, increased during the period as detailed below:

Particulars	Fiscal 2020 in ₹ million	Fiscal 2019 in ₹ million	Increase/ (Decrease) in ₹ million	Increase/ (Decrease) in %
Automotive - Powertrain and Others	7,092.90	10,084.99	(2,992.09)	(29.67)
Automotive - Aluminium Products	2,576.90	3,081.50	(504.60)	(16.38)
Industrial and Engineering	5,254.85	5,013.58	241.27	4.81

The decrease in revenue in the Automotive - Powertrain and Others and the Automotive - Aluminium Products segments is primarily as a result of decline in our business due to the general downturn in the automotive industry. The increase in revenue in the Industrial and Engineering segment was primarily as a result of growth in demand of products in this segment.

Other income

Our other income decreased by ₹ 50.44 million, or 36.99%, from ₹ 136.36 million in Fiscal 2019 to ₹ 85.92 million in Fiscal 2020, primarily as a result of reduction in exchange rate gains on transaction and translation during this period, mark-to-market net loss on derivatives, decrease in unclaimed balances written back, decrease in interest income on deposits (measured at amortized cost), which was partially offset by an increase in the interest income due to unwinding of fair valued assets (rent advance).

Our other income accounted for 0.74% of our total income in Fiscal 2019, compared to 0.57% in Fiscal 2020.

Expenses

Cost of materials consumed

Our cost of materials consumed decreased by ₹ 1,387.84 million, or 19.53%, from ₹ 7,104.88 million in Fiscal 2019 to ₹ 5,717.04 million in Fiscal 2020. Our cost of materials consumed accounted for 38.79% of our total income in Fiscal 2019, compared to 38.09% in Fiscal 2020.

This is primarily as a result of decrease in purchase of materials, due to decrease in sale of products, and a resultant decrease in the cost of transportation of such materials.

Change in inventories of finished goods

Our opening stock of finished goods was ₹ 98.10 million for the year ended March 31, 2019, while it was ₹ 113.03 million for the year ended March 31, 2020.

Our closing stock of finished goods was ₹ 113.03 million for the year ended March 31, 2019, while it was ₹ 113.71 million for the year ended March 31, 2020.

The changes in inventories were primarily a result of decrease in the growth in sale of products, especially the material intensive aluminium products and power train product sales, as indicated above.

Excise duty on sale of goods

We were not required to pay any excise duty on the sale of our goods as goods and service tax has been implemented from July 1, 2017.

Employee benefits expense

Our employee benefit expense decreased by ₹ 458.45 million, or 21.14%, from ₹ 2,168.31 million in Fiscal 2019 to ₹ 1,709.86 million in Fiscal 2020, primarily as a result of decrease in the number of employees owing to a decrease in operating activities as well as a decrease in salaries and wages in this period.

Our employee benefits expense accounted for 11.84% of our total income in Fiscal 2019, compared to 11.39% in Fiscal 2020.

Other expenses

Our other expenses decreased by ₹ 1,183.35 million, or 26.00%, from ₹ 4,550.62 million in Fiscal 2019 to ₹ 3,367.27 million in Fiscal 2020. Our other expenses accounted for 24.84% of our total income in Fiscal 2019, compared to 22.43% in Fiscal 2020.

This is primarily as a result of decrease in operating activities and corresponding decreases in repair and maintenance and power and fuel expenses), administrative expenses (primarily due to a decrease in travelling expenses, rates and taxes, managerial remuneration and doubtful debts) and selling expenses (primarily due to a decrease in packing material consumed and carriage outwards expenses).

EBITDA

Our EBITDA decreased by ₹ 501.29 million or 10.98%, from ₹ 4,566.80 million in Fiscal 2019 to ₹ 4,065.51 million in Fiscal 2020, primarily as a result of the factors discussed above.

Our EBITDA accounted for 24.93% of our total income in Fiscal 2019, compared to 27.08% in Fiscal 2020.

Depreciation and amortization expense

Our depreciation and amortization expense increased by ₹ 188.40 million, or 10.70%, from ₹ 1,761.48 million in Fiscal 2019 to ₹ 1,949.88 million in Fiscal 2020, primarily as a result of increase in capital expenditure on property, plant and equipment (on account of commercialization of the equipment bought in the previous fiscal), leading to higher depreciation.

Our depreciation and amortization expense accounted for 9.62% of our total income in Fiscal 2019, compared to 12.99% in Fiscal 2020.

Finance costs

Our finance costs increased by ₹ 78.51 million, or 5.59%, from ₹ 1,405.49 million in Fiscal 2019 to ₹ 1,484.00 million in Fiscal 2020, primarily as a result of increase in interest expenses on our long term borrowings (at amortized cost) to fund our capital expenditure on account of increased borrowings during this period to meet our high working capital requirements during this period.

Our finance costs accounted for 7.67% of our total income in Fiscal 2019, compared to 9.89% in Fiscal 2020.

Profit before tax

Our profit before tax decreased by ₹ 825.93 million, or 59.00%, from ₹ 1,399.83 million in Fiscal 2019 to ₹ 573.90 million in Fiscal 2020, as a result of among other things, decrease in total income as well as increased finance costs, depreciation and amortization expense.

Our profit before tax accounted for 7.64% of our total income in Fiscal 2019, compared to 3.82% in Fiscal 2020.

Tax expenses

Our total tax expenses reduced by ₹ 262.99 million, or 61.71%, from ₹ 426.16 million in Fiscal 2019 to ₹ 163.17 million in Fiscal 2020, which was due to a reduction in deferred tax and current tax.

Profit after tax

Our profit after tax decreased by ₹ 562.94 million, or 57.82%, from ₹ 973.67 million in Fiscal 2019 to ₹ 410.73 million in Fiscal 2020, primarily as a result of the factors discussed above, as adjusted for tax expenses.

Our profit after tax accounted for 5.32% of our total income in Fiscal 2019, compared to 2.74% in Fiscal 2020.

Fiscal 2019 compared to Fiscal 2018

Total Income

Our total income increased by ₹ 3,087.81 million, or 20.28%, from ₹ 15,228.62 million in Fiscal 2018 to ₹ 18,316.43 million in Fiscal 2019, on account of the factors discussed below.

Revenue from operations

Our revenue from operations increased by ₹ 3,064.76 million, or 20.28%, from ₹ 15,115.31 million in Fiscal 2018 to ₹ 18,180.07 million in Fiscal 2019, primarily as a result of increase in the sale of our products and sale of services during this period.

Our revenue from operations accounted for 99.26% of our total income in each of Fiscal 2018 and Fiscal 2019.

Revenue from sale of products

Our revenue from sale of products increased by ₹ 1,841.72 million, or 19.86%, from ₹ 9,261.49 million in Fiscal 2018 to ₹ 11,103.21 million in Fiscal 2019, primarily as a result of an increase in domestic sales by 18.75% and an increase in export sales by 27.02%, as discussed below.

Our revenue from sale of products accounted for 60.82 % of our total income in Fiscal 2018, compared to 60.62% in Fiscal 2019.

Domestic and export mix

Our revenue from domestic sales increased by ₹ 1,497.19 million, or 18.75%, from ₹ 7,986.40 million in Fiscal 2018 to ₹ 9,483.59 million in Fiscal 2019, 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.

Our revenue from export sales increased by ₹ 344.53 million, or 27.02%, from ₹ 1,275.09 million in Fiscal 2018 to ₹ 1,619.62 million in Fiscal 2019, primarily as a result of an increase in export sales in Fiscal 2019.

Sale of Services

Our revenue from sale of services increased by ₹ 808.21 million, or 17.85%, from ₹ 4,528.57 million in Fiscal 2018 to ₹ 5,336.78 million in Fiscal 2019, 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.

Our revenue from sale of services accounted for 29.74% of our total income in Fiscal 2018, compared to 29.14% in Fiscal 2019.

Other operating revenues

Our other operating revenues increased by ₹ 414.83 million, or 31.30%, from ₹ 1,325.25 million in Fiscal 2018 to ₹ 1,740.08 million in Fiscal 2019, primarily as a result of an increase in sale of swarf and others and an increase in EPCG income on fulfilling export obligations and an increase in duty drawbacks.

Our other operating revenues accounted for 8.70% of our total income in Fiscal 2018, compared to 9.50% in Fiscal 2020.

Segment mix

Our revenue from the Automotive - Powertrain and Others, Automotive - Aluminium Products and the Industrial and Engineering segments increased during this period as detailed below:

Particulars	Fiscal 2019 in ₹ million	Fiscal 2018 in ₹ million	Increase in ₹ million	Increase in %
Automotive - Powertrain and Others	10,084.99	8,708.82	1,376.17	15.80
Automotive - Aluminium Products	3,081.50	2,353.15	728.35	30.95
Industrial and Engineering	5,013.58	4,053.34	960.24	23.69

The increase in revenue in each of the aforesaid segments is primarily as a result of growth in our business in such segment, as a result of an increase in sales towards our customers in our Automotive - Powertrain and Others, Automotive - Aluminium Products and Industrial and Engineering segments.

Other income

Our other income increased by ₹ 23.05 million, or 20.34%, from ₹ 113.31 million in Fiscal 2018 to ₹ 136.36 million in Fiscal 2019, primarily as a result of increase in write back of unclaimed balances, which was partially offset by a decrease in the interest income from deposits measured at amortised cost.

Our other income accounted for 0.74% of our total income both in Fiscal 2018 and Fiscal 2019.

Expenses

Cost of materials consumed

Our cost of materials consumed increased by ₹ 1,188.00 million, or 20.08%, from ₹ 5,916.88 million in Fiscal 2018 to ₹ 7,104.88 million in Fiscal 2019. Our cost of materials consumed accounted for 38.85% of our total income in Fiscal 2018, compared to 38.79% in Fiscal 2019.

This is primarily as a result of increase in purchase of materials, due to rise in sale of products, and a resultant increase in the cost of transportation of such materials.

Change in inventories of finished goods

Our opening stock of finished goods was ₹ 103.39 million for the year ended March 31, 2018, while it was ₹ 98.10 million for the year ended March 31, 2019.

Our closing stock of finished goods was ₹ 98.10 million for the year ended March 31, 2018, while it was ₹ 113.03 million for the year ended March 31, 2019.

The changes in inventories were primarily a result of increase in the growth in sale of products, especially the material intensive aluminium products and power train product sales, as indicated above.

Excise duty on sale of goods

We were not required to pay any excise duty on the sale of our goods in Fiscal 2019 as goods and service tax has been implemented from July 1, 2017. Our excise on duty sale of goods was ₹ 324.44 million and accounted for 2.13% of our total income in Fiscal 2018.

Employee benefits expense

Our employee benefit expense increased by ₹ 182.02 million, or 9.16%, from ₹ 1,986.29 million in Fiscal 2018 to ₹ 2,168.31 million in Fiscal 2019, primarily as a result of increase in salaries and wages owing to the corresponding increase in the number of employees, as well as routine increases in employee compensation packages owing to an increase in operating activities.

Our employee benefits expense accounted for 13.04% of our total income in Fiscal 2018, compared to 11.84% in Fiscal 2019.

Other expenses

Our other expenses increased by ₹ 439.80 million, or 10.70%, from ₹ 4,110.82 million in Fiscal 2018 to ₹ 4,550.62 million in Fiscal 2019. Our other expenses accounted for 26.99% of our total income in Fiscal 2018, compared to 24.84% in Fiscal 2019.

This is primarily as a result of increase in operating activities and decreased fuel costs, increased power and consumption of tools, stores and spares, and increased expenditure on repairs and maintenance, as well as an increase in carriage outwards expenditure and packing material costs due to an increase in manufacturing expenses (primarily due to an increase in repair and maintenance and power and fuel expenses), an increase in administrative expenses (primarily due to an increase in managerial remuneration and insurance charges), and increase in selling expenses (primarily due to an increase in packing material consumed and carriage outwards expenses).

EBITDA

Our EBITDA increased by ₹ 1,514.99 million or 49.64%, from ₹ 3,051.81 million in Fiscal 2018 to ₹ 4,566.80 million in Fiscal 2019, primarily as a result of the factors discussed above.

Our EBITDA came to 20.04% of our total income in Fiscal 2018, compared to 24.93% in Fiscal 2019.

Depreciation and amortization expense

Our depreciation and amortization expense increased by ₹ 269.95 million, or 18.10%, from ₹1,491.53 million in Fiscal 2018 to ₹ 1,761.48 million in Fiscal 2019, primarily as a result of increase in property, plant and equipment (on account of commercialization of the equipment bought in the previous fiscal), leading to higher depreciation.

Our depreciation and amortization expense accounted for 9.79% of our total income in Fiscal 2018, compared to 9.62% in Fiscal 2019.

Finance costs

Our finance costs increased by ₹ 280.66 million, or 24.95%, from ₹ 1,124.83 million in Fiscal 2018 to ₹ 1,405.49 million in Fiscal 2019, primarily as a result of increase in interest expenses on our long term borrowings at amortised cost (which was partially offset by a decrease in interest expenses on short term borrowings) and our other borrowing costs, on account of increased borrowings during this period to meet our high working capital requirements during this period.

Our finance costs accounted for 7.39% of our total income in Fiscal 2018, compared to 7.67% in Fiscal 2019.

Profit before tax

Our profit before tax increased by ₹ 964.38 million, or 221.47%, from ₹ 435.45 million in Fiscal 2018 to ₹ 1,399.83 million in Fiscal 2019, primarily as a result of growth in our business, as reflected in our EBITDA and EBITDA margin.

Our profit before tax accounted for 2.86% of our total income in Fiscal 2018, compared to 7.64% in Fiscal 2019.

Tax expenses

Our total tax expenses increased by ₹ 306.05 million, or 254.81%, from ₹ 120.11 million in Fiscal 2018 to ₹ 426.16 million in Fiscal 2019, which was due to higher income tax payments.

Profit after tax

Our profit after tax increased by ₹ 658.33 million, or 208.77%, from ₹ 315.34 million in Fiscal 2018 to ₹ 973.67 million in Fiscal 2019, primarily as a result of the factors discussed above, as adjusted for tax expenses.

Our profit after tax accounted for 2.07% of our total income in Fiscal 2018, compared to 5.32% in Fiscal 2019.

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 been high in recent years due to the general growth of our business and the recent setting up of a new manufacturing unit in Pune in Fiscal 2019 to cater to our storage solutions 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	Six months ended September 30, 2020	Fiscal		
		2020	2019	2018
Net cash from operating activities	1,184.02	3,053.70	3,600.02	2,826.99
Net cash used in investing activities	(93.74)	(1,370.65)	(3,584.09)	(2,107.40)
Net cash used in financing activities	(1,300.76)	(1,279.32)	(182.34)	(603.12)
Net increase in cash and cash equivalents	(210.47)	403.73	(166.39)	116.47
Cash and cash equivalents as at beginning of year	597.61	193.05	360.43	240.31
Cash and cash equivalents as at end of year	387.64	597.61	193.05	360.43

Operating Activities

Net cash from operating activities for the six months ended September 30, 2020 was ₹ 1,184.02 million and our operating cash flow before changes in working capital for that period was ₹ 1,378.13 million. The difference was primarily attributable to ₹ 589.22 million decrease in trade payables and other payables and ₹ 156.81 million increase in other current liabilities. This was partially offset by ₹ 256.50 million decrease in inventories.

Net cash from operating activities in Fiscal 2020 was ₹ 3,053.70 million and our operating cash flow before working capital changes for that period was ₹ 3,730.58 million. The difference was primarily attributable to ₹ 483.97 million decrease in trade payables and other payables, ₹ 75.43 million decrease in other current liabilities and ₹ 189.79 million decrease in trade and other receivables, ₹ 23.07 million increase in inventories and ₹ 215.70 million in income taxes paid during the period.

Net cash from operating activities in Fiscal 2019 was ₹ 3,600.02 million and our operating cash flow before working capital changes for that period was ₹ 4,179.92 million. The difference was primarily attributable to ₹ 228.37 million increase in inventories, ₹ 283.89 million decrease in trade and other receivables, ₹ 162.65 million increase in other current liabilities and ₹ 248.46 million in income taxes paid during the period.

Net cash from operating activities in Fiscal 2018 was ₹ 2,826.99 million and our operating profit before working capital changes for that period was ₹ 2,748.29 million. The difference was primarily attributable to ₹ 274.68 million increase in trade and other receivables and ₹ 721.56 million increase in inventories. This was partially offset by ₹ 580.25 million decrease in other current assets and ₹ 120.00 million in income taxes paid during the period.

Investing Activities

Net cash used in investing activities for the six months ended September 30, 2020 was ₹ 93.74 million, primarily consisting of purchase of property, plant and equipment of ₹ 131.31 million, purchase of intangibles of ₹ 0.50 million, proceeds from sale of equipment of ₹ 28.33 million and interest received of ₹ 9.74 million.

Net cash used in investing activities in Fiscal 2020 was ₹ 1,370.65 million, primarily consisting of purchase of property, plant and equipment of ₹ 1,386.91 million, purchase of intangibles of ₹ 17.43 million, proceeds from sale of equipment of ₹ 14.15 million and interest received of ₹ 21.63 million.

Net cash used in investing activities in Fiscal 2019 was ₹ 3,584.09 million, primarily consisting of purchase of property, plant and equipment of ₹ 3,558.07 million, purchase of intangibles of ₹ 52.67 million, proceeds from sale of equipment of ₹ 6.11 million and interest received of ₹ 20.93 million.

Net cash used in investing activities in Fiscal 2018 was ₹ 2,107.40 million, primarily consisting of purchase of property, plant and equipment of ₹ 2,038.63 million, purchase of intangibles of ₹ 82.59 million, purchase of shares of ₹ 11.51 million, including investments in Bhatia Coke & Energy Limited and interest received of ₹ 22.50 million.

Financing Activities

Net cash used in financing activities for the six months ended September 30, 2020 was ₹ 1,300.76 million, primarily consisting of proceeds from long-term borrowings of ₹ 539.80 million availed for capital expenditure, repayment of long-term borrowings of ₹ 578.86 million, net proceeds from short-term borrowings of ₹ 630.10 million, interest paid of ₹ 547.44 million (including interest of lease liability) and principal payment towards lease liability of ₹ 84.16 million.

Net cash from financing activities in Fiscal 2020 was ₹ 1,279.32 million, primarily consisting of proceeds from long-term borrowings of ₹ 1,438.95 million, repayment of long-term borrowings of ₹ 2,198.54 million, interest paid of ₹ 1,386.29 million (including interest of lease liability), dividends paid of ₹ 60.64 million, principal payment towards lease liability of ₹ 167.31 million and net proceeds from short-term borrowings of ₹ 1,094.51 million.

Net cash used in financing activities in Fiscal 2019 was ₹ 182.34 million, primarily consisting of proceeds from long-term borrowings of ₹ 4,215.87 million availed for capital expenditure, repayment of long-term borrowings of ₹ 1,555.39 million, repayments to short term borrowings of ₹ 1,411.53 million, principal payment towards lease liability of ₹ 121.70 million, interest paid of ₹ 1,297.50 million (including interest of lease liability) and dividends paid of ₹ 12.10 million.

Net cash used in financing activities in Fiscal 2018 was ₹ 603.12 million, primarily consisting of proceeds from long-term borrowings of ₹ 1,444.97 million availed for capital expenditure, repayment of long-term borrowings of ₹ 1,291.10 million, net proceeds from short-term borrowings of ₹ 469.45 million, interest paid of ₹ 1,133.15 million (including interest of lease liability), principal payment towards lease liability of ₹ 86.33 million and dividends paid of ₹ 6.96 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. We have undertaken significant capital expenditure in the earlier years of our business, with a view to 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 and to expand into newer segments such as our storage solutions business, based on revenue visibility.

For the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, our capital expenditure aggregated to ₹ 111.27 million, ₹ 1,206.01 million, ₹ 4,559.86 million and ₹ 1,811.24 million, respectively, used to modernize and upgrade our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity.

As of the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, the Gross Block was ₹ 21,928.90 million, ₹ 21,855.56 million, ₹ 20,700.44 million and ₹ 16,284.26 million.

For the six months ended September 30, 2020 and for Fiscals 2020, 2019 and 2018, our ROCE was 4.25%, 13.80%, 18.66% and 14.00%, while, given our Net Worth of ₹ 6,690.75 million, ₹ 6,634.75 million, ₹ 6,278.36 million and ₹ 5,412.34 million as on September 30, 2020 and as on March 31, 2020, 2019 and 2018, respectively, our ROE for the same periods was 1.04%, 6.19%, 15.51% and 5.83%.

Indebtedness

As of September 30, 2020, our aggregate outstanding borrowing (including sales bill discounting, sales/purchase invoice bill discounting, buyer's credit and letter of credit facilities availed by our Company) was ₹ 10,424.26 million. For further information, see "***Financial Statements – Restated Financial Information - Annexure VII - Note No. 20***" and "***Financial Indebtedness***" on pages 259 and 324, respectively.

Set forth below is a summary of our Company's aggregate borrowings, in a consolidated basis, as on September 30, 2020:

(in ₹ million)

Category of borrowing	Sanctioned amount	Outstanding amount as on September 30, 2020
Secured		
Term loans	11,038.20	7,886.73
Working capital facilities*		
- Fund based	3,300.00	1,782.80
- Non-fund based	870.00	699.05
Unsecured**	120.00	55.68
Total	**15,328.20**	**10,424.26**

**includes buyer's credit and letter of credit facilities availed by our Company.*

***includes operating lease, sales bill discounting and sales/purchase invoice bill discounting facilities availed by our Company.*

Our Company proposes to utilize the funds which are being raised through the Fresh Issue for repayment/pre-payment, in full or part, of certain borrowings availed by our Company. For further details, see "***Objects of the Offer - Details of the Objects of the Fresh Issue - Repayment/pre-payment, in full or part, of certain borrowings availed of by our Company***" on page 78.

Contingent Liabilities and Capital Commitments

The following table sets forth the principal components of our contingent liabilities and capital commitments:

(in ₹ million)

Particulars	Six months ended September 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
Claims against us not acknowledged as debt				
- Excise	0.69	0.69	7.33	12.60
- VAT	6.21	5.53	5.23	6.83
- Service Tax	6.72	6.72	7.70	6.86
- GST	2.74	2.74	-	-
- Income Tax	176.79	176.79	173.28	69.48
- Stamp duty	5.62	5.62	5.62	-
Sales Bill Discounting	-	5.62	376.38	459.83
Commitment on Capital Account	643.50	304.90	928.10	1,120.00

Off-balance Sheet Arrangements

We do not have any material off-balance sheet arrangements.

Related Party Transactions

We have entered into, and expect to continue entering into, transactions with certain related parties, in the normal course of business with Carl Stahl Craftsman Enterprises Private Limited and MC Craftsman Machinery Private Limited.

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 Financial Information – Annexure VII –Note No. 43***" on pages 41 and 278, respectively.

Significant Developments after September 30, 2020

There are no developments or circumstances that have arisen after September 30, 2020 that we expect to have a material and adverse impact on our reserves, profits, earnings per Equity Share, book value or ability to pay our liabilities within the next 12 months.

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 22.

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 22.

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 hedging arrangements including 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 22.

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 22.

Our trade receivables were ₹ 1,851.14 million, ₹ 1,943.19 million, ₹ 2,100.32 million and ₹ 2,016.86 million, for the six months ended September 30, 2020 and for the years ended March 31, 2020, 2019 and 2018, respectively. The expected credit loss allowance for trade receivables based on our provision matrix was ₹ 101.60 million, ₹ 80.34 million, ₹ 64.85 million and ₹ 70.30 million, as at the end of the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively, due to delay in receiving payments from our customers as a result of the impact of COVID-19 outbreak.

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 22.

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 22, 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 22 and 167, 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 above and in "***Business***" on page 167, there are no new products or business segments in which we operate and we have not announced and do not expect to announce in the near future any new products or business segments.

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***" on pages 22 and 188, 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 40, 49 and 167, respectively.

Competitive conditions

For a description of the competitive conditions in which we operate, see "***Industry Overview***" and "***Business - Competition***" on pages 95 and 186, respectively.

Supplier or customer concentration

We do not have any material dependence on a single or a few suppliers or customers. We have a diversified client base with our top 10 customers accounting for 56.23%, 53.41%, 56.25% and 52.59% of our total revenue, in the six months ended September 30, 2020 and Fiscals 2020, 2019 and 2018, respectively. However, see "***Risk Factors - 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 28 and 167, respectively, and the discussion of credit risk in "-***Credit Risk***" on page 321.

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 authorized 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 September 30, 2020, our aggregate outstanding borrowings (including operating lease, sales bill discounting, sales/purchase invoice bill discounting, buyer's credit and letter of credit facilities availed by our Company) was ₹ 10,424.26 million.

Borrowings of our Company on consolidated basis

As of September 30, 2020, our Company had total outstanding borrowings amounting to ₹ 10,424.26 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 September 30, 2020
Secured		
Term loans	11,038.20	7,886.73
Working capital facilities*		
- Fund based	3,300.00	1,782.80
- Non-fund based	870.00	699.05
Unsecured**	120.00	55.68
Total	**15,328.20**	**10,424.26**

**includes buyer's credit and letter of credit facilities availed by our Company.*
***includes operating lease, 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 78.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as stated in this section, there are no: (i) outstanding criminal proceedings involving our Company, Subsidiaries, Promoter or Directors; (ii) outstanding actions taken by statutory or regulatory authorities involving our Company, Subsidiaries, Promoter or Directors; (iii) outstanding claims involving our Company, Subsidiaries, Promoter or Directors for any direct or indirect tax liabilities; (iv) outstanding litigations as determined to be material by our Board as per the Materiality Policy; (v) disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoter in the last five Financial Years including any outstanding action; and (vi) outstanding litigation involving our Group Companies which has a material impact on our Company.

In accordance with the Materiality Policy, all pending litigation involving our Company, Subsidiaries, Promoter or Directors, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material', if the monetary amount of claim made by or against the Company, its Subsidiaries, Directors and Promoter in any such pending litigation is in excess of 3.00% of the consolidated profit after tax of our Company for Financial Year 2020, being ₹ 12.32 million (as per the Restated Financial Information) or any such litigation, an adverse outcome of which would materially and adversly affect our Company's business, operations, prospects, financial position or reputation, irrespective of the amount involved in such litigation.

Further, it is clarified that for the purpose of the above, pre-litigation notices received by our Company, Subsidiaries, Promoter or Directors from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, in any event, not be considered as litigation and accordingly have not been disclosed in this section until such time that the Company, Subsidiaries, Promoter or Directors 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

1. N. Sundaram ("**Petitioner**") filed a suit against C. Padmavathy, M. Thulasiammal ("**Defendants**") and another before the Court of District Munsif of Coimbatore, for, among others,: (a) rectifying the particulars of a sale deed executed by the Petitioner and the Defendants in relation to sale of certain portion of land aggregating to 2.19 acres wrongfully transferred to the Defendants; and (b) restraining the Defendants from alienating the disputed land. The disputed land was purchased our Company from the Defendants before the aforesaid suit was initiated. The matter has been transferred from the Court of District Munsif of Coimbatore to the Court of District Munsif, Sulur. Subsequently, the Petitioner filed a petition to implead our Company as one of the defendants in the matter. The matter is currently pending.

Civil proceedings by our Company

1. Our Company issued a demand notice dated February 8, 2019 to Inox Wind Limited ("**Corporate Debtor**") for recovery of unpaid operational debt aggregating to ₹ 8.47 million (including interest). Subsequently, our Company filed an application ("**Application**") before the National Company Law

Tribunal, Chandigarh, ("**NCLT**") to initiate insolvency proceedings against the Corporate Debtor under the Insolvency and Bankruptcy Code, 2016 and the relevant rules thereunder alleging non-payment of dues by the Corporates Debtor towards purchase of electric chain hoist from our Company. The matter is currently pending. Further, our Company has also issued a notice dated November 28, 2019 to the Corporate Debtor for recovery of additional unpaid operational debt aggregating ₹ 6.60 million (including interest). However, in respect of the same, our Company is yet to file an application to initiate insolvency proceedings before the NCLT.

C. Outstanding actions by statutory or regulatory authorities against our Company

1. Our Company received a notice dated August 16, 2018 ("**Notice**") from the Sub-Registrar, Class I, Talegaon Dhamdhere, Pune, alleging deficit in payment of stamp duty amounting to ₹ 5.62 million (including interest) under the provisions of the Maharashtra Stamp Act, 1958, in relation to the lease agreement dated July 12, 2018 entered into by our Company. On November 2, 2018, in relation to the Notice, the Joint District Registrar and Collector of Stamps, Pune, passed an adverse order against our Company. Subsequently, our Company filed an appeal before the Deputy Inspector General of Registration, Pune ("**Appeal**") challenging the order dated November 2, 2018. The Appeal was rejected by the Deputy Inspector General of Registration and Deputy Controller of Stamps, Pune, *vide* its order dated November 6, 2019 ("**Order**"). Our Company has filed a writ petition dated December 18, 2019, before the Bombay High Court for quashing and setting aside of the Order. The matter is currently pending.

2. The Joint Commissioner of Labour, Tiruchirapalli ("**Joint Commissioner**"), issued a notice dated March 11, 2020 to our Company in relation to an application filed against our Company by V. Veeramani, an employee of our Company, under the Employees' Compensation Act, 1923, for a claim of compensation from the Company and has initiated proceedings before the Joint Commissioner. The matter is currently pending.

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	17	176.79
2.	Indirect tax	6	14.90
	Total	**23**	**191.69**

** to the extent quantifiable*

E. Outstanding dues to creditors

As per the Materiality Policy, creditors to whom an amount exceeding ₹ 84.54 million, which is 3% of the total consolidated trade payables of our Company as on the latest fiscal i.e. Fiscal 2020, as per the Restated Financial Information, were considered 'material' creditors. Based on the above, there is one material creditor of our Company as on September 30, 2020, to whom an aggregate amount of ₹ 403.54 million was outstanding. Based on this criterion, details of outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at September 30, 2020, by our Company, are set out below:

Type of creditors	Number of creditors	Amount involved (*in ₹ million*)
Micro, small and medium enterprises	187	94.15
Material creditors	1	403.54
Other creditors	1,501	1,723.83
Total	**1,689**	**2,221.52**

The details pertaining to net outstanding dues towards our material creditors as on September 30, 2020 (along with the names and amounts involved for each such material creditor) are available on the website of our Company at www.craftsmanautomation.com/investors. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus.

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

A. Outstanding criminal litigation involving our Subsidiaries

Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.)

Criminal proceedings against Craftsman Europe B.V.

There are no criminal proceedings pending against Craftsman Europe B.V.

Criminal proceedings by Craftsman Europe B.V.

There are no criminal proceedings pending which have been initiated by Craftsman Europe 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.

B. Outstanding material civil litigation involving our Subsidiaries

Craftsman Europe B.V. (formerly known as Craftsman Marine B.V.)

Civil proceedings against Craftsman Europe B.V.

There are no material civil proceedings pending against Craftsman Europe B.V.

Civil proceedings by Craftsman Europe B.V.

There are no material civil proceedings pending which have been initiated by Craftsman Europe 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.

C. Outstanding actions by statutory or regulatory authorities against our Subsidiaries

There are no pending actions by statutory or regulatory authorities against our Subsidiaries.

D. Outstanding tax proceedings involving our Subsidiaries

There are no outstanding tax proceedings involving our Subsidiaries.

V. OUTSTANDING LITIGATION INVOLVING OUR GROUP COMPANIES WHICH HAS A MATERIAL IMPACT ON OUR COMPANY

MC Craftsman Machinery Private Limited

There are no litigation involving MC Craftsman Machinery Private Limited that has a material impact on our Company.

Carl Stahl Craftsman Enterprises Private Limited

There are no litigation involving Carl Stahl Craftsman Enterprises Private Limited that has a material impact on our Company.

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 September 30, 2020***" on page 321, no circumstances have arisen since September 30, 2020, the date of the 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

Except as disclosed in this Draft Red Herring Prospectus, no further material consents, licenses, registrations, permissions and 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 material consents, licenses, registrations, permissions and approvals 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.

As on date of this Draft Red Herring Prospectus, our Company does not have any material subsidiary in terms of the SEBI Listing Regulations. The material consents, licenses, registrations, permissions and approvals obtained by our Company, which enable it to undertake its current business activities, are set out below:

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 335.

II. Material 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. Material 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 material consents, licenses, 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 material consents, licenses, registrations, permissions and approvals, wherever applicable. The material consents, licenses, registrations, permissions and approvals for which applications have been made by our Company including:

1. Application dated December 9, 2020 for renewal of fire NOC for unit located in Pithampur.

2. Application dated August 18, 2020 for renewal of fire NOC for unit-1 located in Bangalore.

3. Application dated December 7, 2020 for fire NOC for unit-2 located in Bangalore.

4. Application dated December 2, 2020 for consent to operate unit-2 located in Bangalore under Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974.

5. Application dated July 6, 2020 for renewal of consent to operate for unit located in Jamshedpur under Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974.

IV. Material approvals not applied for

Except as stated below, there are no material consents, licenses, registrations, permissions and approvals for which applications are yet to be made by our Company:

Nil

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, 2030
3.	Craftsman	6	2040958	October 20, 2010	October 20, 2030
4.	Craftsman	7	2040959	October 20, 2010	October 20, 2030
5.	Craftsman	12	2040961	October 20, 2010	October 20, 2030
6.	CM Craftsman	6, 9, 20 and 22	3559176	September 29, 2017	September 29, 2027
7.	VSTORE	6, 9, 20 and 22	3559177	May 29, 2017	May 29, 2027

In addition to the above, our Company has registered its website domain name: 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

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

- Our Board has, pursuant to a resolution passed at its meeting held on December 5, 2020, authorized 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 at their meeting held on December 7, 2020, under Section 62(1)(c) of the Companies Act 2013, authorized the Offer.

- This Draft Red Herring Prospectus has been approved by the Board on December 9, 2020.

Approvals from the Selling Shareholders

Each of the Selling Shareholders have, severally and not jointly, approved the transfer of their respective Offered Shares pursuant to the Offer for Sale, as set out below:

S. No.	Name of the Selling Shareholder	Date of Consent Letter	Maximum number of Offered Shares
1.	Srinivasan Ravi	October 29, 2020	130,640
2.	Marina	November 19, 2020	1,559,260
3.	IFC	November 25, 2020	1,414,050
4.	K. Gomatheswaran	November 2, 2020	1,417,500
	Total		**4,521,450**

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 SEBI and other Governmental Authorities

Neither our Company, nor our Promoter, members of our Promoter Group, our Directors, person(s) in control of our Company or the Selling Shareholders is prohibited or debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Neither our Promoter, nor any of our Directors is a promoter or a director of any other company which is debarred from accessing the capital markets by SEBI.

Our Company, our Promoter, members of our Promoter Group and the Selling Shareholders are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, as amended and to the extent applicable.

None of our Directors is in any manner associated with the securities market and there is no outstanding action against any of our Directors initiated by SEBI in the past five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

(a) Neither our Company nor our Promoter, members of our Promoter Group, our Directors or any of the Selling Shareholders is debarred from accessing the capital markets by SEBI;

(b) Neither our Promoter nor our Directors is a promoter or director of any other company which is debarred from accessing the capital markets by SEBI;

(c) Neither our Company nor our Promoter or our Directors is a Wilful Defaulter;

(d) Neither our Promoter nor any of our Directors is a fugitive economic offender;

(e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

(a) Our Company has had net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50 % are held in monetary assets;

(b) Our Company has an average operating profit of at least ₹150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;

(c) Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and

(d) Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Financial Information included in this Draft Red Herring Prospectus as at, and for the last three Fiscals 2020, 2019 and 2018 are set forth below:

(*in ₹ million except as indicated*)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Net tangible assets [(1)]	7,453.58	7,044.43	6,136.67
Monetary assets[(2)]	716.42	265.81	486.77
Monetary assets as a percentage of net tangible assets (%)	9.61%	3.77%	7.93%
Operating profit[(3)]	2,029.71	2,668.96	1,446.97
Net worth[(4)]	6,634.75	6,278.36	5,412.34

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 cash and bank balances.

(3) Operating profit has been defined as the profit before tax 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 value of the paid-up share capital and all reserves created out of the profits and 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, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

Our Company has operating profit in each of the Fiscals 2020, 2019 and 2018 as per the Restated Financial Information. Our average operating profit for Fiscals 2020, 2019 and 2018 is ₹ 2,048.55 million.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, AXIS CAPITAL LIMITED AND IIFL SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. 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, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 9, 2020 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, AS AMENDED OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE 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.

Disclaimer from our Company, our Directors, the Selling Shareholders and the BRLMs

Our Company, our Directors, the Selling Shareholders and the 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 Companies 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 to be entered into between the Underwriters, the Selling Shareholders and our Company.

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 blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or noncompliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

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

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Coimbatore, India only.

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), trusts under the applicable trust laws and who are authorized 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, permitted non-residents including Eligible NRIs, 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.

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 the 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.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India is eligible to bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.**

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.

Each purchaser of the Equity Shares in the Offer in India shall be deemed to:

- represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (as defined in Regulation S) when its buy order for the Equity Shares was originated.

- represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it did not purchase the Equity Shares as result of any "directed selling efforts" (as defined in Regulation S).

- represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to resell or otherwise transfer any of the Equity Shares, it agrees that it will not offer, sell or otherwise transfer the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act.

- represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

- represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that if it acquired any of the Equity Shares for one or more managed accounts, that it was authorized in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- agree to indemnify and hold the Company, the Selling Shareholders, the BRLMs and the Syndicate Members harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- acknowledge that our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

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.

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 this Draft 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.

Consents

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial 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, CRISIL Research, Statutory Auditors, Previous Auditors, Registrar to the Offer have been obtained; and the consents in writing of the Syndicate Members, Escrow Collection Banks, Public Offer Account Bank, Refund Bank, Sponsor Bank and Monitoring Agency to act in their respective capacities, will be obtained. Further, such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus with RoC.

Expert opinion

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

Our Company has received written consent from our Statutory Auditors 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 report on our Restated Financial Information dated December 5, 2020 and in respect of the statement of special tax benefits dated December 9, 2020. The consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Our Company has received written consent from Er. K. Sivakumar, Independent Chartered Engineer to include his 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 in respect of his certificate dated December 7, 2020. The consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Particulars regarding public or rights issues undertaken by our Company 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 or brokerage on previous issues during the last five years

Since this is the initial public offering of the Equity Shares, 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 in the five years preceding the date of this Draft Red Herring Prospectus.

Capital Issues in the preceding three years

Except as disclosed in "***Capital Structure***" on page 68, 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 our Group Companies are listed on any stock exchange. Accordingly, none of our Subsidiaries or Group Companies have made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects - Public/ rights issue of our Company

Our Company has not undertaken any public, including any rights issues to the public in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis- à-vis objects: Public/ rights issue of the listed Subsidiaries

None of our Subsidiaries is listed on any stock exchange.

Price information of past issues handled by the BRLMs

I. Axis Capital Limited

1. Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by Axis Capital 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.	UTI Asset Management Company Limited	21,598.84	554.00	12-Oct-20	500.00	-10.43%, [+5.87%]	-	-
2.	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	12-Oct-20	214.90	+18.90%, [+5.87%]	-	-
3.	Route Mobile Limited	6,000.00	350.00	21-Sep-20	717.00	+105.81%, [+5.74%]	-	-
4.	Rossari Biotech Limited	4,962.50	425.00	23-Jul-20	669.25	+87.25%, [+1.39%]	+86.59%, [+6.08%]	-
5.	SBI Cards and Payment Services Limited	103,407.88	755.00@	16-Mar-20	661.00	-33.05%, [-2.23%]	-21.79%, [+8.41%]	+12.50%, [+24.66%]
6.	CSB Bank Limited	4,096.77	195.00	04-Dec-19	275.00	+8.36%, [+2.03%]	-12.18%, [-7.51%]	-36.95%, [-20.41%]
7.	Sterling And Wilson Solar Limited	28,809.42	780.00	20-Aug-19	706.00	-21.88%, [-1.60%]	-48.63%, [+7.97%]	-64.78%, [+9.95%]
8.	Spandana Sphoorty Financial Limited	12,009.36	856.00	19-Aug-19	825.00	-0.56%, [-2.14%]	+52.76%, [+7.61%]	+17.32%, [+9.59%]
9.	Polycab India Limited	13,452.60	538.00^	16-Apr-19	633.00	+15.36%, [-5.35%]	+14.70%, [-1.99%]	+23.76%, [-4.09%]
10.	Chalet Hotels Limited	16,411.80	280.00	07-Feb-19	294.00	+1.14%, [-0.31%]	+24.41%, [+3.87%]	+10.77%, [-1.87%]

Source: www.nseindia.com
@ Offer Price was ₹ 680.00 per equity share to Eligible Employees
^Offer Price was ₹ 485.00 per equity share to Eligible Employees

Notes:
a. Issue Size derived from Prospectus/final post issue reports, as available.
b. The CNX NIFTY is considered as the Benchmark Index.
c. Price on NSE is considered for all of the above calculations.
d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
e. Since 30 calendar days, 90 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.

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 Axis Capital 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%
2020-21*	4	36,998.20	-	-	1	2	-	1	-	-	-	-	-	-
2019-20	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3
2018-19	4	54,206.94	-	1	-	1	-	2	-	-	2	-	-	2

** 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 Securities Limited

1. *Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by IIFL 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.	ICICI Securities Limited	35,148.49	520.00	April 04, 2018	435.00	-27.93%, [+5.44%]	-37.26% [5.22%]	-44.39% [7.92%]
2.	Varroc Engineering Limited	19,549.61	967.00	July 06, 2018	1,015.00	+1.62%, [+5.46%]	-7.29%, [+0.79%]	-24.01%, [+1.28%]
3.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04%,[+1.17%]	+30.61%,[-7.32%]	+23.78%,[-4.33%]
4.	Credit Access Grameen Limited	11,311.88	422.00	August 23, 2018	390.00	-21.16%,[-3.80%]	-14.91%,[-8.00%]	-5.71%,[-8.13%]
5.	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.36% [-5.35%]	+14.70% [-1.99%]	+23.76% [-4.09%]
6.	Spandana Sphoorty Financial Ltd	12,009.36	856.00	August 19, 2019	825.00	-0.56% [-2.14%]	+52.76% [+7.61%]	+17.32%[+9.59%]
7.	Sterling and Wilson Solar Ltd	28,809.42	780.00	August 20, 2019	706.00	-21.88%,[-1.60%]	-48.63%,[+7.97%]	-64.78%,[+9.95%]
8.	CSB Bank Ltd	4,096.77	195.00	December 4, 2019	275.00	+8.36%, [+1.98%]	-12.18%, [-7.56%]	-36.95%, [-20.45%]
9.	Ujjivan Small Finance Bank Limited	7,459.46	37.00	December 12, 2019	58.75	+41.08%, [+2.38%]	+10.27% ,[-12.70%]	-16.62%, [-15.07%]
10.	Equitas Small Finance Bank Ltd	5,176.00	33.00	November 2, 2020	31.10	+5.45%, [+12.34%]	N.A.	N.A.

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 29, 89 and 179 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. *The Nifty 50 index is considered as the benchmark index.*
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 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%
2020-2021*	1	5,176.00	-	-	-	-	-	1	-	-	-	-	-	-
2019-2020	5	65,827.61	-	-	2	-	1	2	1	1	1	-	-	2
2018-2019	4	94,013.29	-	1	1	1	-	1	-	1	2	-	-	1

Source: www.nseindia.com

** 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.

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 SEBI, see the websites of the BRLMs mentioned below:

BRLM	Website
Axis Capital Limited	www.axiscapital.co.in
IIFL Securities Limited	www.iiflcap.com

Stock market data of the Equity Shares

This being the initial public offering of the Equity Shares, 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 eight 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 (for Bidders other than RIIs bidding through the UPI mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of RIIs applying through the UPI mechanism in which the amount equivalent to the Bid Amount is 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.

The Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. There are no investor complaint in relation to our Company pending as on the date of this Draft Red Herring Prospectus. Our Subsidiaries and Group Companies are not listed on any stock exchange.

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

Our Company 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 60.

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 213.

Disposal of investor grievances by listed Group Companies and Subsidiaries

As on the date of this Draft Red Herring Prospectus, our Subsidiaries and Group Companies are not listed on any stock exchange, and therefore there are no investor complaints pending against them.

SECTION VII – OFFER RELATED INFORMATION

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 this Draft Red Herring Prospectus, 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 SEBI, Government of India, Stock Exchanges, the RoC, the RBI 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, 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 223 and 370, 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 Government of India 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 223 and 370, respectively.

Face Value and Price Band

The face value of each Equity Share is ₹ 5. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●]. The Anchor Offer Price is ₹ [●]. At any given point in time there will be only one denomination for the Equity Shares.

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 two Working Days prior to the Bid/Offer Opening Date, in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Tamil regional daily newspaper, Tamil being the regional language in Coimbatore where our Registered 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 disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

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.
- 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 370.

Market Lot and Trading Lot

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 352.

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 and Sponsor Bank, as applicable, 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 or such other period as per applicable law; 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 Centres, 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.

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 the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and in any case no later than 3:00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days.

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: (i) uploading Bids due to faults in any hardware/software system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism. 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. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, 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 and intimated to the Designated Intermediaries. 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 FROM ASBA ACCOUNTS***	[●]
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	[●]
COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGES	[●]

** 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 in accordance with the SEBI ICDR Regulations.*
*** 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 in accordance with the SEBI ICDR Regulations.*
****In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.*

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.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

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, on the date of closure of the issue; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the Draft Red Herring Prospectus, 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 49(1) 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, the Equity Shares will be Allotted in the following order:

(i) such number of Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed;

(ii) next, the Offered Shares will be Allotted, in proportion to the number of Equity Shares offered by each Selling Shareholder, in a pro-rata manner; and

(iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by the Company that the balance 10% of the Fresh Issue portion is also subscribed.

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 Equity Share Capital Build-up, Contribution and Lock-in of Promoter's Shareholding**"* on page 69 and as provided in our Articles as detailed in "***Main Provisions of Articles of Association***" on page 370, 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 (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). 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.

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.

OFFER STRUCTURE

The Offer is up to [●] Equity Shares, for cash at a price of ₹ [●] per Equity Share comprising a Fresh Issue of [●] Equity Shares, aggregating up to ₹ 1,500.00 million by our Company and an Offer for Sale of up to 4,521,450 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders.

The face value of the Equity Shares is ₹ 5 each.

In terms of Rule 19(2) (b) of the SCRR, the Offer is being made through the Book Building Process, in compliance with Regulation 31 of the SEBI ICDR Regulations.

Particulars	QIBs[1]	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for Allotment/allocation[2]	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and RIIs	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Investors
Percentage of Offer size available for Allotment/allocation	Not more than 50% of the Offer size shall be available for allocation to QIBs. However 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB category (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion, if any, will be available for allocation to other QIBs	Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and Retail Individual Investors	Not less than 35% of the Offer or the Offer less allocation to QIB Bidders and Non-Institutional Investors
Basis of Allotment if respective category is oversubscribed[3]	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 allocation as per (a) above. Not more than [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors	Proportionate	Proportionate subject to minimum Bid Lot. For details see "***Offer Procedure***" beginning on page 352
Mode of Bidding	Through ASBA process only (except for Anchor Investors)		
Minimum Bid	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	QIBs[(1)]	Non-Institutional Investors	Retail Individual Investors
Maximum Bid	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, excluding QIB portion, 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.
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		[●] 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)]	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 individuals, corporate bodies and family offices, 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 NBFC 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, FPIs who are individuals, corporate bodies and family offices which are classified as Category II FPIs and registered with SEBI 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.
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 **In case of all other Bidders:** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) including UPI ID in case of RIBs, 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 352.*

(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) of the SCRR and under Regulation 6(1) of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process wherein not more than 50% of the 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 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 Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the 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) 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 ₹ [●] 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.

(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 – Payment into Anchor Escrow Accounts**" on page 366.*

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.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the SEBI UPI Circulars (the "**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 2013, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the Abridged Prospectus accompanying the Bid cum Application Form. The General Information Document is 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.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of CAN and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

*SEBI, through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, and as modified though its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using UPI and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIIs applying through Designated Intermediaries have been made effective along with the existing process and existing timeline of T+6 days. The same was effective till June 30, 2019 ("**UPI Phase I**").*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIIs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, SEBI, vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days will be made effective using the UPI Mechanism for applications by RIIs ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer shall be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by SEBI from time to time.*

The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

In terms of Regulation 23(5) and Regulation 271 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI Circular. No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

Our Company, the Selling Shareholders and the Syndicate 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 this Draft 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 this Draft Red Herring Prospectus and the Prospectus.

Further, our Company, the Selling Shareholders and the members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the 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 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 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 and UPI ID (for RIIs Bidding using the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Phased implementation of Unified Payments Interface

SEBI has issued the SEBI UPI Circulars in relation to streamlining the process of public issue of *inter alia* equity shares. Pursuant to the SEBI UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIIs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the SEBI UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RII had the option to submit the ASBA Form with any of the Designated Intermediary and use his/her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

All SCSBs offering the facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the Retail Individual Investors using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Electronic registration of Bids

- The Designated Intermediary may register the Bids using the online 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 online facilities for Book Building on a regular basis before the closure of the Offer.

- On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Draft Red Herring Prospectus.

- 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 next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchanges′ 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.

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 Centres and at our Registered and Corporate Office. The electronic copy of 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.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide either (i) the bank account details and authorization to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the RIIs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Since the Offer is made under Phase II of the SEBI UPI Circulars, ASBA Bidders may submit the ASBA Form in the manner below:

(i) RIIs (other than the RIIs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(ii) RIIs using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(iii) QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

ASBA Bidders were also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLMs.

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 or the Sponsor Bank, as applicable, 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
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis^	Blue
Anchor Investors**	White

** 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)*

The relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIIs using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds.

In case of ASBA forms, the relevant Designated Intermediaries shall capture and upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges.

For RIIs Bidding using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs, for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIIs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/Issue Closing Date ("**Cut-Off Time**").

Accordingly, RIIs Bidding using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse. For ASBA Forms (other than RIIs Bidding using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

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 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.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor; (ii) any "person related to the Promoter/ Promoter Group" were permitted to apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoter": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoter; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

Except to the extent of participation in the Offer for Sale by the Promoter, the Promoter and the Promoter Group will not participate in the Offer.

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 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 NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRIs applying on a repatriation basis should authorize their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts (including UPI ID, if activated), or Foreign Currency Non-Resident ("**FCNR**") accounts, and Eligible NRIs Bidding on a non-repatriation basis should authorize 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.

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).

Participation of Eligible NRIs in the Offer is subject to the FEMA Rules. Only bids accompanied by payment in Indian rupees or fully convertible foreign exchange have been considered for allotment.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: ″Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta″. Bids by HUFs may be considered at par with Bids from individuals.

Bids by FPIs

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA

Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company on a fully-diluted basis. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI 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. FPIs who wish to participate in the Offer were advised to use the Bid cum Application Form for Non-Residents (Blue in colour).

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized stock exchange in India, and/ or may purchase or sell securities other than equity instruments.

The FEMA Rules was enacted on October 17, 2019 in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except for things done or omitted to be done before such supersession.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

In accordance with the FEMA Non-Debt Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed five percent of the total paid-up equity capital on a fully diluted basis or shall not exceed five percent of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10 percent may be raised to 24 percent if a special resolution to that effect is passed by the general body of the Indian company.

With effect from April 1, 2020, the aggregate limit is the sectoral caps applicable to Indian company as prescribed in the FEMA Rules with respect to its paid-up equity capital on a fully diluted basis. The aggregate limit as provided above may be decreased by the Indian company concerned to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively before March 31, 2020.

The Indian company which has decreased its aggregate limit to 24% or 49% or 74%, may increase such aggregate limit to 49% or 74% or the sectoral cap or statutory ceiling respectively as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively. However, once the aggregate limit has been increased to a higher threshold, the Indian company cannot reduce the same to a lower threshold.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

i. each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

ii. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are to be pre-approved by the FPI.

Bids by FPIs submitted under the multiple investment managers structure with the same PAN but with different beneficiary account numbers, Client ID and DP ID may not be treated as multiple Bids.

Further, Bids received from FPIs bearing the same PAN will be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019 (such structure "**MIM Structure**") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids will be rejected.

Bids by VCFs, AIFs and FVCIs

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 VCF registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than $1/3^{rd}$ 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, or the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

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, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, were 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. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

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 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 and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

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, 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, Systemically Important NBFC 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.

Bids by Anchor Investors

a. In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

b. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100.00 million. A Bid cannot be submitted for over 60% of the QIB Category. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100.00million.

c. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

d. Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date and will be completed on the same day.

e. Our Company and the Selling Shareholders, in consultation with the BRLMs may finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

- maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100.00 million;
- minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00million per Anchor Investor; and
- in case of allocation above ₹ 2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500.00 million, and an additional 10 Anchor Investors for every additional ₹ 2,500.00 million, subject to minimum Allotment of ₹ 50.00 million per Anchor Investor.

f. Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.

g. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

h. If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor pay-in date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.

i. Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

j. Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) shall apply in the Offer under the Anchor Investor Portion. For details, see "- ***Participation by associates and affiliates of the BRLM and the Syndicate Members, Promoter, Promoter Group and persons related to Promoter/Promoter Group***" on page 355.

k. Bids made by QIBs under both the Anchor Investor Portion and the QIB Category will not be considered multiple Bids.

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.

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.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will, after filing this Draft Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Tamil regional daily newspaper, Tamil being the regional language in Coimbatore where our Registered 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 X 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 this Draft 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 you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) and PAN in the Bid cum Application.

5. Since the Allotment will be in dematerialized form only, ensure that the depository account is active, the correct DP ID, Client ID, UPI ID (for RIIs Bidding through UPI mechanism) and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (for RIIs Bidding through UPI mechanism) and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, UPI ID (for RIIs Bidding through UPI mechanism) and PAN available in the Depository database.

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre (except in case of electronic Bids) within the prescribed time. RIIs Bidding using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Forms contains the stamp of such Designated Intermediary.

7. In case of joint Bids, ensure that the first Applicant is the ASBA Account holder, and also signs the Bid cum Application Form (for all Bidders other than RIIs Bidding using the UPI Mechanism).

8. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIIs Bidding using the UPI Mechanism) in the Bid cum Application Form.

9. RIIs Bidding in the Offer shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID (only for RIIs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party.

10. RIIs Bidding using the UPI Mechanism should ensure that the correct UPI ID is mentioned in the Bid cum Application Form.

11. RIIs Bidding shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI.

12. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms. If the First Bidder is not the ASBA Account holder, ensure that the Bid cum Application Form is also signed by the ASBA Account holder.

13. 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.

14. 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.

15. 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.

16. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment.

17. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid.

18. 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 Income Tax 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.

19. Ensure that Anchor Investors submit their Anchor Investor Application Form only to the BRLMs.

20. Ensure that the Demographic Details are updated, true and correct in all respects.

21. 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.

22. 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.

23. 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.

24. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws.

25. 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.

26. 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 in case of Bidding through a Designated Intermediary (other than for Anchor Investors and RIIs Bidding through the UPI Mechanism) 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).

27. 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 or Sponsor Bank, as applicable, 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.

28. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

29. For RIIs Bidding using the UPI Mechanism, ensure that you approve the UPI Mandate Request generated by the Sponsor Bank to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment, in a timely manner.

30. RIIs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RII may be deemed to have verified the attachment containing the application details of the RII in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form.

31. RIIs Bidding using the UPI Mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form.

32. RIIs Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorize blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of allotment in a timely manner.

33. Bids by Eligible NRIs HUFs and any individuals, corporate bodies and family offices which are recategorized as Category II FPI and registered with SEBI 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.

34. In case of QIBs and NIIs, ensure that while Bidding through a Designated Intermediary, the ASBA Form 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)

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 are liable to be rejected.

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 to any Designated Intermediary that is not authorized to collect the relevant Bid cum Application Forms or to 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. Do not 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, PAN or UPI ID, if applicable, 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 incorrect UPI ID details if you are a RII Bidding through the UPI Mechanism.

18. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account.

19. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account.

20. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIIs Bidding through the Designated Intermediaries using the UPI Mechanism.

21. 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. RIIs can revise or withdraw their Bids on or before the Bid/ Offer Closing Date.

22. 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.

23. 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.

24. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RII Bidder using the UPI Mechanism.

25. 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).

26. Do not submit a Bid cum Application Form with third party UPI ID (in case of in case of Bids submitted by RII Bidder using the UPI Mechanism).

27. Do not Bid for Equity Shares in excess of what is specified for each category.

28. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres.

29. If you are an RII which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID.

30. RIIs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected.

31. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see "***General Information***" on page 60.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorized employees of the Stock Exchanges, along with the BRLMs and the Registrar to the Offer, shall ensure that the Basis of Allotment is finalized in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIIs and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each RII shall not be less than the minimum bid lot, subject to the availability of Equity Shares in Retail Category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

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, NACH 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: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

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 this Draft 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 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;

(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 on *pro rata* basis before calls are made on public;

(xiii) that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law; and

(xiv) that our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

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 8 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

(i) Our Company and the Selling Shareholder, severally and not jointly, specifically confirm that all monies received out of the Offer 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;.

Restriction on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the FEMA, the Consolidated FDI Policy and the circulars and notifications issued thereunder. Unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy, subject to certain applicable pricing and reporting requirements. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the Consolidated FDI Policy will be valid until the DPIIT issues an updated circular.

Subject to certain condition, the transfer of shares by way of sale between an Indian resident and a non-resident does not require the prior approval of the RBI or the relevant ministry or department of the Government of India, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT, all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (the "**Restricted Investors**"), will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy. It is not clear from the press note whether or not an issuance of the Equity Shares to Restricted Investors will also require a prior approval of the Government of India and each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required and such approval has been obtained, the Bidder was required to intimate the Company and the Registrar about such approval within the Offer Period.

The Equity Shares offered in the Offer 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 under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

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, of which Part A shall be effective immediately upon the listing and commencement of trading of Equity Shares on the Stock Exchanges pursuant to the Offer. Until the listing and commencement of trading of Equity Shares on a recognized stock exchange pursuant to the Offer, provisions of Part B shall be applicable. However, upon listing of the Equity Shares on the Stock Exchanges pursuant to an initial public offering of the Equity Shares, 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:	**Kinds of Share Capital**

		(i) Equity Share capital with voting rights and / or (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	Increase of Subscribed capital in case of exercise

		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 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.	of option as a term attached to debentures
	(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 –	Power to alter share capital

		(i) increase the share capital by such amount as it thinks expedient (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.	Rights of Depositories & Beneficial Owners

		(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. (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	Issue of Share certificates

		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 (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.	Issue of new certificate in place of one defaced, lost or destroyed

		(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. (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.	and issue of duplicate share certificate.
	(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	If call or instalment not paid notice must be given

		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.	
	(2)	The notice aforesaid shall, (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.	Form of notice
	(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	Cancellation of share certificate in

		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.	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
	(3)	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.	Transmission Clause
	(4)	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.	Board's right unaffected
	(5)	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.	Right to election of holder of share or other securities
	(6)	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.	Manner of testifying election
	(7)	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.	Limitations applicable to notice
	(8)	(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.	Claimant to be entitled to same advantage
	(9)	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.	No fee for transfer or transmission
		LIEN ON SHARES	
12	(1)	(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.	Company's lien on shares

	(2)	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.	Lien to extend to dividends, etc.
	(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;	Sum how applied

		(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; (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	Certain matters not to be included in Minutes

		(c) is detrimental to the interests of the Company.	
	(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	Entitlement to voting rights

		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 – (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	Nominee Director / Lender Director

		be shall be done in accordance with the agreement entered into between the Company and the lender.	
	(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 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.	Payment for Extra Service
	(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	To set aside profits to form a fund

		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.	
	(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.	Inspection Rights for Statutory registers

		(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.	
	(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.	Dividends to be paid out of profits

		(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. (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	Waiver of dividends

		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.	
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 dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank.	Transfer of unclaimed dividend
	(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].	Secretarial Auditor

		(b) Resignation, Casual Vacancy and Removal etc., of Cost Auditors shall be governed by the provisions of the Act.	
	(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]. (b) Resignation, Casual Vacancy and Removal etc, of Cost Auditors shall be governed by the provisions of the Act.	Internal Auditor
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 personnel or officer or in any way in the discharge of his duties in such capacity including expenses.	Directors and officers right to indemnity
	(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 December 9, 2020 entered into amongst our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated December 9, 2020 entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer.

3. Cash Escrow and Sponsor Bank Agreement dated [●] entered into amongst our Company, the Selling Shareholders, the BRLMs, Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s), Sponsor Bank 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 Agency.

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 and supplementary letter to the waiver letter dated November 30, 2020 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 May 15, 2019 fixing the remuneration of Ravi Gauthamram.

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 resolution dated December 5, 2020 and Shareholders' resolution of our Company December 7, 2020 authorizing the Offer and other related matters.

4. Board resolution dated December 9, 2020, approving the Draft Red Herring Prospectus.

5. Consent letters from Srinivasan Ravi dated October 29, 2020, Marina dated November 19, 2020, IFC dated November 25, 2020 and K. Gomatheswaran dated November 2, 2020, being the Selling Shareholders authorizing their respective portions of the Offer for Sale.

6. Copies of the annual reports of the Company for the Financial Years 2020, 2019 and 2018 and audit report for the six months ended September 30, 2020.

7. The examination report of the Statutory Auditors, Sharp & Tannan, Chartered Accountants, on the Restated Financial Information included in this Draft Red Herring Prospectus.

8. Consent from our Statutory Auditors, Sharp & Tannan, 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 report on our Restated Financial Information dated December 5, 2020 and in respect of the statement of possible tax benefits dated December 9, 2020 included in this Draft Red Herring Prospectus.

9. Consent from Er. K. Sivakumar, Independent Chartered Engineer, to include his name in this Draft Red Herring Prospectus as "expert", as defined under Section 2(38) of the Companies Act 2013, in respect of his certificate dated December 7, 2020.

10. 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, Registrar to the Offer, Syndicate Member(s), Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Sponsor Bank and the Monitoring Agency to act in their respective capacities.

11. Report titled "*Studying the Automotive and Industrial Engineering Business in India*" dated December 2020 prepared by CRISIL Research and its consent dated December 8, 2020, for use of such report or any extract thereof.

12. In-principle listing approvals dated [●] and [●] from BSE and NSE, respectively.

13. Tripartite Agreement dated May 24, 2018 amongst our Company, NSDL and the Registrar to the Offer.

14. Tripartite Agreement dated May 16, 2018 amongst our Company, CDSL and the Registrar to the Offer.

15. Due diligence certificate to SEBI from the BRLMs, dated December 9, 2020.

16. 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

I 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. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Srinivasan Ravi
(Chairman and Managing Director)

Date: December 9, 2020

Place: Coimbatore

DECLARATION

I 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. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ravi Gauthamram
(Whole-time Director)

Date: December 9, 2020

Place: Coimbatore

DECLARATION

I 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. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Udai Dhawan
(Nominee Director)

Date: December 9, 2020

Place: Delhi

DECLARATION

I 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. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Chandrashekhar Madhukar Bhide
(Independent Director)

Date: December 9, 2020

Place: Mumbai

DECLARATION

I 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. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sundararaman Kalyanaraman
(Independent Director)

Date: December 9, 2020

Place: Bangalore

DECLARATION

I 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. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vijaya Sampath
(Independent Director)

Date: December 9, 2020

Place: Mumbai

DECLARATION

I 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. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

C.B. Chandrasekar
(Chief Financial Officer)

Date: December 9, 2020

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: December 9, 2020

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

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Name: Ivo Philipps

Designation: Director

Date: December 9, 2020

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: December 9, 2020

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.

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K. Gomatheswaran

Date: December 9, 2020

Place: Coimbatore