MAINI PRECISION PRODUCTS LIMITED

Our Company was incorporated as "*Maini Precision Products Private Limited*" on March 3, 1973 at Bengaluru as a private limited company under the Companies Act, 1956, and a certificate of incorporation was issued by the Registrar of Companies, Karnataka at Bangalore ("**RoC**"). Pursuant to a special resolution passed by our Shareholders at the extraordinary general meeting held on August 26, 2015, our Company was converted from a private limited company into a public limited company and the name of our Company was changed to "*Maini Precision Products Limited*" and a fresh certificate of incorporation consequent upon conversion to a public limited company and such change of name was issued to our Company by the RoC on September 9, 2015. For details of change in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 270.

Registered Office: B-165, 3rd Cross, 1st Stage, Peenya Industrial Estate, Bengaluru 560 058, Karnataka, India
Contact Person: Vijayesh Rajendran, Company Secretary and Compliance Officer; **Tel**: +91 80 4072 4000;
E-mail: compliance.officer@mainimail.com; **Website**: www.mainiprecisionproducts.com**; Corporate Identification Number**: U27201KA1973PLC002307

OUR PROMOTERS: SANDEEP KUMAR MAINI, GAUTAM MAINI AND CHETAN KUMAR MAINI

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 1,500 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 25,481,705 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE SELLING SHAREHOLDERS COMPRISING UP TO 6,020,765 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY PROMOTER SELLING SHAREHOLDERS, UP TO 645,865 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE INDIVIDUAL SELLING SHAREHOLDERS, UP TO ₹ 513,390 MILLION BY THE OTHER SELLING SHAREHOLDER AND UP TO 18,301,685 EQUITY SHARES* AGGREGATING UP TO ₹ [●] MILLION BY INVESTOR SELLING SHAREHOLDERS (TOGETHER THE "OFFER FOR SALE"). THE OFFER WOULD CONSTITUTE [●] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

INCLUDES 5,768,018 SERIES A CCPS AND SERIES B CCPS HELD BY NEWQUEST ASIA INVESTMENTS II LIMITED, WHICH SHALL BE CONVERTED UP TO A MAXIMUM OF 4,286,880 EQUITY SHARES AND INCLUDES 18,856,982 SERIES A CCPS AND SERIES B CCPS HELD BY PARAGON PARTNERS GROWTH FUND – I, WHICH SHALL BE CONVERTED UP TO A MAXIMUM OF 14,014,805 EQUITY SHARES RESPECTIVELY PRIOR TO THE FILING OF THE RED HERRING PROSPECTUS WITH THE ROC, SOLELY FOR THE PURPOSE OF THE OFFER. FOR FURTHER DETAILS, SEE "HISTORY AND CERTAIN CORPORATE MATTERS – SHAREHOLDERS' AGREEMENTS AND OTHER AGREEMENTS" ON PAGE 272.

THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS") AND WILL BE ADVERTISED IN [●] EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER [●],[●] EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●] AND [●] EDITION OF THE KANNADA NEWSPAPER [●] (KANNADA BEING THE REGIONAL LANGUAGE OF KARNATAKA, WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE 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 any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the 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 and the Selling Shareholders may, in consultation with the BRLMs, 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 public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Member(s) and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

This is an Offer in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), read with Regulation 31 of the SEBI ICDR Regulations. This Offer is being made in accordance with Regulation 6(2) of the SEBI ICDR Regulations and through a Book Building Process wherein not less than 75% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs", and such portion, the "QIB Portion"). Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), out of which one-third shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders other than Anchor Investors, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding the Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion (excluding the Anchor Investor Portion) for proportionate allocation to QIBs. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer shall be available for allocation to Retail Individual Bidder(s) in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank account (including UPI ID (defined hereinafter) in case of Retail Individual Bidder(s) using the UPI Mechanism) in which the corresponding Bid Amounts will be blocked by the SCSBs, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For further details, see "*Offer Procedure*" on page 434.

RISKS IN RELATION TO THE FIRST OFFER

This being the first issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 2 each. The Floor Price, the Offer Price or the Price Band (determined by our Company and the Selling Shareholders in consultation with the BRLMs and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 95), 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 or sustained trading in the Equity Shares of our Company, or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their 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 30.

OUR COMPANY'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 of the Selling Shareholders, severally and not jointly, accept responsibility for, and confirms, that the statements expressly made by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertain to itself and the respective potion of its Offered Shares offered by it under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect. The Selling Shareholders assume no responsibility for any other statements, including without limitation, any and all statement made by or relating to our Company or the other Selling Shareholders or in relation to our Company's business in this Draft Red Herring Prospectus.

LISTING

The Equity Shares, once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 509.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025 Maharashtra, India **Telephone**: +91 22 6807 7100 **E-mail**: maini.ipo@icicisecurities.com **Investor Grievance ID**: customercare@icicisecurities.com **Website**: www.icicisecurities.com **Contact Person**: Gaurav Mittal / Monank Mehta **SEBI Registration Number**: INM000011179	**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**: maini.ipo@iiflcap.com **Investor Grievance ID**: ig.ib@iiflcap.com **Website**: www.iiflcap.com **Contact Person**: Nishita Mody / Dhruv Bhagwat **SEBI Registration Number**: INM000010940	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India **Telephone:** +91 22 4918 6200 **E-mail:** mainiprecision.ipo@linkintime.co.in **Investor grievance E-mail:** mainiprecision.ipo@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration No.:** INR000004058

BID/OFFER PROGRAMME

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

** Our Company and the Selling Shareholders may, in consultation with the BRLMs, 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.*

*** Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise implies or requires, or unless otherwise specified, shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Draft Red Herring Prospectus, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "Industry Overview", Key Regulations and Policies", "Statement of Special Tax Benefits", "Financial Statements", "Basis for the Offer Price", "Outstanding Litigation and Other Material Developments" and "Main Provisions of Articles of Association", on pages 106, 265, 98, 297, 95, 410 and 452, respectively, will have the meaning ascribed to such terms in those respective sections.

Company and Selling Shareholders related terms

Term	Description
"our Company", "the Company", "the Issuer", "we", "us" or "our"	Maini Precision Products Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at B-165, 3rd Cross, 1st Stage, Peenya Industrial Estate, Bengaluru 560 058, Karnataka, India
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended
"Audit Committee"	The audit committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 275
"Board" or "Board of Directors"	The board of directors of our Company, as constituted from time to time
"CCPS"	Compulsorily convertible preference shares
"Chairman"	The chairman and independent director of our Company being, Kewal Krishan Nohria
"Chief Financial Officer" or "CFO"	The chief financial officer of our Company being, V Sridhar
"Company Secretary and Compliance Officer"	Company secretary and compliance officer of our Company, being Vijayesh Rajendran
"Corporate Social Responsibility Committee"	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act, 2013 as described in "*Our Management*" on page 275.
"CRISIL Report"	Report titled "*Assessment of market potential for specific precision components*" issued in October 2021 prepared by CRISIL
"Director(s)"	Director(s) on the Board of our Company, as appointed from time to time
"Equity Shares"	Equity shares of our Company of face value of ₹ 2 each
"ESOP 2021"	Maini Precision Products Limited Employee Stock Option Plan 2021
"Executive Director"	Executive director(s) of our Company. For further details of the Executive Directors, see "*Our Management*" on page 275
"Group Companies"	Our group companies as disclosed in the section "*Group Companies*" of page 294.
"IPO Committee"	The IPO committee of our Board constituted as described in "*Our Management*" on page 275
"Independent Director"	A non-executive, independent Director appointed as per the Companies Act, 2013 and the Listing Regulations. For further details of our Independent Directors, see "*Our Management*" on page 275
"Individual Selling Shareholders"	Amit Giriraj Mohatta, Vippen Sareen and Arun Rajagopalan

Term	Description
"Investor Selling Shareholders"	Paragon Partners Growth Fund – I, a category – II alternative investment fund registered with SEBI and NewQuest Asia Investments II Limited, a foreign venture capital investor registered with SEBI.
"KMP" or "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, as disclosed in "*Our Management*" on page 275
"Managing Director"	The managing director of our Company, being Gautam Maini
"Materiality Policy"	The materiality policy of our Company adopted by our Board for identification of the material (a) outstanding litigation proceedings; (b) Group Companies; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended
"Nomination, Remuneration and Compensation Committee"	The nomination, remuneration and compensation committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations, and as described in "*Our Management*" on page 275
"Non – executive Director(s)"	A Director, not being an Executive Director
"Other Selling Shareholder"	One – Up Financial Consultants Private Limited
"Promoters"	Promoters of our Company namely, Sandeep Kumar Maini, Gautam Maini and Chetan Kumar Maini. For further details, see "*Our Promoters and Promoter Group*" on page 291
"Promoter Selling Shareholders"	Sandeep Kumar Maini, Gautam Maini and Chetan Kumar Maini
"Promoter Group"	Such individuals and entities which constitute the promoter group of our Company pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see "*Our Promoters and Promoter Group*" on page 291
"Registered Office"	The registered office of our Company situated at B-165, 3rd Cross, 1st Stage, Peenya Industrial Estate, Bengaluru 560 058, Karnataka, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Karnataka at Bangalore
"Restated Summary Statements"	Restated financial statements of our Company, comprising the restated summary statement of assets and liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 (as adjusted), the restated summary statement of profit and loss and the restated summary statement of cash flows for the three months ended June 30, 2021 and June 30, 2020, and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 (as adjusted), together with the summary statement of significant accounting policies, and other explanatory information thereon derived from the audited financial statements as at and for the three months ended June 30, 2021 and June 30, 2020 each prepared in accordance with Ind AS 34 and the audited financial statements as at and for the year ended March 31, 2021 prepared in accordance with Ind AS and the audited financial statements as at and for the years ended March 31, 2020 and March 31, 2019 prepared in accordance with IGAAP and restated in accordance with the SEBI ICDR Regulations, as amended from time to time, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI.
"Selling Shareholders"	Collectively, the Promoter Selling Shareholders, Individual Selling Shareholders, Investor Selling Shareholders and the Other Selling Shareholder.
"Series A CCPS"	Series A compulsorily convertible cumulative preference shares having a face value of ₹ 10 each.
"Series B CCPS"	Series B compulsorily convertible cumulative preference shares having a face value of ₹10 each.
"Shareholders' Agreement"	Shareholders agreement dated July 10, 2019 read with the amendment agreement dated December 6, 2021 entered into between Paragon Partners Growth Fund - I, NewQuest Asia Investments II Limited, our Company, Sandeep Kumar Maini, Chetan

Term	Description
	Kumar Maini, Gautam Maini, M/s. Red Clover, Vippen Sareen, Arun Rajagopalan, Amit Giriraj Mohatta, The Maini Family Trust and One-up Consultants Private Limited.
"Share Subscription Agreement"	Share subscription agreement dated July 10, 2019 entered into between Paragon Partners Growth Fund – I, NewQuest Asia Investments II Limited, our Company, Sandeep Kumar Maini, Chetan Kumar Maini and Gautam Maini.
"Shareholder(s)"	The shareholders of the Equity Shares from time to time
"Stakeholders' Relationship Committee"	The stakeholders' relationship committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations, as described in "*Our Management*" on page 275
"Statutory Auditor"	The statutory auditor of our Company, being S. R. Batliboi & Associates LLP, Chartered Accountants.

Offer Related Terms

Term	Description
"Abridged Prospectus"	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf
"Acknowledgement Slip"	The slip or document issued by relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
"Allotment", "Allot" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares offered pursuant to the Fresh Issue and transfer of the Offered Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
"Allotment Advice"	A note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
"Allottee"	A successful Bidder to whom the Equity Shares are Allotted
"Anchor Investor"	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in 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 Equity Shares will be allocated to Anchor Investors on the Anchor Investor Bidding Date in terms of the Red Herring Prospectus and the Prospectus which will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs
"Anchor Investor Application Form"	Form used by an Anchor Investor to Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
"Anchor Investor Bidding Date"	The day, being 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 Anchor Investors shall be completed
"Anchor Investor Offer Price"	The final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be 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 Selling Shareholders, in consultation with the BRLMs
"Anchor Investor Pay – in Date"	With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price a date being, not later than two Working Days after the Bid/Offer Closing Date
"Anchor Investor Portion"	Up to 60% of the QIB Portion, which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one third 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 accordance with the SEBI ICDR Regulations
"Applications Supported by Blocked Amount" or "ASBA"	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism

Term	Description
"ASBA Account"	A bank account maintained by ASBA Bidders with an SCSB and specified in the ASBA Form submitted by such ASBA Bidder in which funds will be blocked by such SCSB to the extent of the specified in the ASBA Form submitted by such ASBA Bidder and includes a bank account maintained by an RIB linked to a UPI ID, which will be blocked in relation to a Bid by a RIB Bidding through the UPI Mechanism
"ASBA Bid"	A Bid made by an ASBA Bidder
"ASBA Bidders"	All Bidders except Anchor Investors
"ASBA Form"	An application form, whether physical or electronic, used by ASBA Bidders to submit Bids which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
"Banker(s) to the Offer"	Collectively, 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 434
"Bid"	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of an Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. The term "Bidding" shall be construed accordingly
"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
"Bid Amount"	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Offer, as applicable
"Bidding Centres"	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
"Bid cum Application Form"	Anchor Investor Application Form or the ASBA Form, as the context requires
"Bid Lot"	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
"Bid/Offer Closing Date"	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in [●] editions of the English daily national newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] edition of the Kannada newspaper [●] (Kannada being the regional language of Karnataka, where our Registered Office is located), each with wide circulation In case of any revisions, the extended Bid/ Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations. Our Company and the 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 in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/Offer Closing Date shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations

Term	Description
"Bid/Offer Opening Date"	Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, being [●], which shall also be published in [●] editions of English national daily newspaper [●], [●] editions of Hindi national daily newspaper [●] and [●] edition of Kannada newspaper [●] (Kannada being the regional language of Karnataka, where our Registered Office is located)
"Bid/Offer Period"	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereto in accordance with the SEBI ICDR Regulations. Provided 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 Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. The Bid/Offer Period will comprise of Working Days only
"Book Building Process"	The book building process as described in Part A, Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely ICICI Securities Limited and IIFL Securities Limited
"Broker Centre"	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms, provided that RIBs may only submit ASBA Forms at such broker centres if they are Bidding using the UPI Mechanism, to a Registered Broker and details of which are available on the websites of the respective Stock Exchanges. The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time.
"CAN" or "Confirmation of Allocation Note"	The note or advice or intimation of allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares on / after the Anchor Investor Bidding Date
"Cap Price"	The higher end of the Price Band, i.e. ₹ [●] per Equity Share, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
"Cash Escrow and Sponsor Bank Agreement"	The agreement to be entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Member, the Banker(s) to the Offer, *inter alia*, the appointment of the Sponsor Bank in accordance with the UPI Circular, for the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
"Circular on Streamlining of Public Issues"/ "UPI Circular"	Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2021./2480/1/M) dated March 16, 2021, circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
"Client ID"	Client identification number maintained with one of the Depositories in relation to the Bidder's beneficiary account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as per the list available on the websites of BSE and NSE, as updated from time to time
"Cut-off Price"	The Offer Price, as finalised by our Company and the Selling Shareholders, in consultation with the BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including

Term	Description
	Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
"Demographic Details"	Details of the Bidders including the Bidder's address, name of the Bidder's father/ husband, investor status, occupation, PAN, DP ID, Client ID and bank account details and UPI ID, where applicable
"Designated SCSB Branches"	Such branches of the SCSBs which shall collect ASBA Forms, a list of which is available on the website of the SEBI at (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time
"Designated CDP Locations"	Such locations of the CDPs where Bidders can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)
"Designated Date"	The date on which funds are transferred from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, or the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors or IPO Committee may Allot Equity Shares to successful Bidders in the Offer
"Designated Intermediaries"	In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
"Designated RTA Locations"	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
"Designated Stock Exchange"	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated December 13, 2021, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the Offer, including the price at which the Equity Shares will be Allotted and the size of the Offer, and includes any addenda or corrigenda thereto
"Eligible FPIs"	FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby
"Eligible NRIs"	NRI(s) eligible to invest under the relevant provisions of the FEMA Rules, on a non—repatriation basis, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares
"Escrow Account(s)"	Accounts opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid
"Escrow Collection Bank(s)"	The banks which are clearing members and registered with SEBI as Bankers to an issue under the BTI Regulations, and with whom the Escrow Account(s) will be opened, in this case being [●]
"First Bidder"	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names

Term	Description
"Floor Price"	The lower end of the Price Band, i.e. ₹ [●] subject to any revision(s) thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids, will be accepted
"Fraudulent Borrowers"	A fraudulent borrower in terms of the 'Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs' dated July 1, 2016 issued by the Reserve Bank of India, and as updated on July 3, 2017
"Fresh Issue"	The fresh issue component of the Offer comprising of an issuance of up to [●] Equity Shares at ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 1,500 million by our Company
"General Information Document" or "GID"	The General Information Document for investing in public offers, prepared and issued by SEBI, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
"Gross Proceeds"	The Offer Proceeds from the Fresh Issue
"ISec"	ICICI Securities Limited
"Monitoring Agency"	[●]
"Monitoring Agency Agreement"	The agreement to be entered into between our Company and the Monitoring Agency
"Mutual Fund"	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
"Mutual Fund Portion"	Up to 5% of the Net QIB 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"	The Gross Proceeds less our Company's share of the Offer-related expenses applicable to the Fresh Issue. For further details about use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer*" on page 88
"Net QIB Portion"	QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors
"Non-Institutional Investors" or "NII(s)" or "Non-Institutional Bidders" or "NIB(s)"	All Bidders, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
"Non – Institutional Portion"	The portion of the Offer being not more than 15% of the Offer, consisting of [●] Equity Shares, which shall be available for allocation to Non-Institutional Investors on a proportionate basis, subject to valid Bids being received at or above the Offer Price
"Non-Resident" or "NR"	A person resident outside India, as defined under FEMA
"Offer"	Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million consisting of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 1,500 million by our Company and an offer for sale of up to 25,481,705 Equity Shares aggregating up to ₹ [●] million, by the Selling Shareholders
"Offer Agreement"	The agreement dated December 13, 2021 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to the SEBI ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer
"Offer for Sale"	The offer for sale of up to 25,481,705 Equity Shares aggregating up to ₹ [●] million, comprising an offer for sale of up to 6,020,765 Equity Shares aggregating up to ₹ [●] million by the Promoter Selling Shareholders, up to 645,865 Equity Shares aggregating up to ₹ [●] million by the Individual Selling Shareholders, up to 513,390 Equity Shares aggregating up to ₹ [●] million by the Other Selling Shareholder and up to 18,301,685 Equity Shares* aggregating up to ₹ [●] million by the Investor Selling Shareholders. **Includes 5,768,018 Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited, which shall be converted up to a maximum of 4,286,880 Equity Shares and includes 18,856,982 Series A CCPS and Series B CCPS held by Paragon Partners Growth Fund – I, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely*

Term	Description
	for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.
"Offer Price"	₹ [●] per Equity Share, being the final price within the Price Band, at which the Equity Shares will be Allotted to successful Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, in accordance with the Book Building Process on the Pricing Date and in terms of the Red Herring Prospectus.
"Offer Proceeds"	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the* Offer" on page 88
"Offered Shares"	The cumulative number of Equity Shares being offered by (i) the Promoter Selling Shareholders as part of the Offer for Sale comprising of an aggregate of up to 6,020,765 Equity Shares; (ii) the Individual Selling Shareholders as part of the Offer for Sale comprising of an aggregate of up to 645,865 Equity Shares; (iii) the Other Selling Shareholders as part of the Offer for Sale comprising of an aggregate of up to 513,390 Equity Shares; and (iv) the Investor Selling Shareholders as part of the Offer for Sale comprising of an aggregate of up to 18,301,685 Equity Shares* **Includes 5,768,018 Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited, which shall be converted up to a maximum of 4,286,880 Equity Shares and includes 18,856,982 Series A CCPS and Series B CCPS held by Paragon, Partners Growth Fund – I, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272*
"Price Band"	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) and includes any revisions thereof The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and will be advertised in [●] editions of an English national daily newspaper [●],[●] editions of a Hindi national daily newspaper [●] and [●] edition of a Kannada newspaper [●] (each of which are widely circulated English, Hindi and Kannada newspapers, respectively, Kannada being the regional language of Karnataka, 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 respective websites.
"Pricing Date"	The date on which our Company and the Selling Shareholders, in consultation with the BRLMs, will finalise the Offer Price
"Prospectus"	The prospectus to be filed with the RoC, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations containing, amongst other things, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
"Public Offer Account Bank(s)"	The banks which are clearing members and registered with SEBI under the BTI Regulations, with whom the Public Offer Account(s) will be opened for collection of Bid Amounts from Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●]
"Public Offer Account(s)"	Bank account to be opened in accordance with the provisions of the Companies Act, 2013, with the Public Offer Account Bank(s) to receive money from the Escrow Accounts and from the ASBA Accounts on the Designated Date
"QIB Portion"	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Offer comprising [●] Equity Shares which shall be allocated to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price

Term	Description
"Qualified Institutional Buyers" or "QIBs"	A qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
"Red Herring Prospectus" or "RHP"	The red herring prospectus, including any corrigenda or addenda thereto, to be issued in accordance with section 32 of the Companies Act, 2013 and the provisions of SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The red herring prospectus will be filed with the RoC at least three working days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
"Refund Account(s)"	The 'no-lien' and 'non-interest bearing' account to be opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made
"Refund Bank(s)"	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●]
"Registered Broker"	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 the circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
"Registrar Agreement"	The agreement dated December 13, 2021 entered 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
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available in the website of BSE and NSE, and the UPI Circulars
"Registrar" or "Registrar to the Offer"	Link Intime India Private Limited
"Resident Indian"	A person resident in India, as defined under FEMA
"Retail Individual Bidders" or "RIB(s)" or "Retail Individual Investors" or "RII(s)"	Individual Bidders (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs) who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the Bidding options in the Offer
"Retail Portion"	The portion of the Offer being not more than 10% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
"Revision Form"	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders Bidding in the Retail Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
"Self-Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, or such other website as may be prescribed by SEBI from time to time Applications through UPI in the Offer can 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 provided as Annexure 'A' to the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list is available on the website of SEBI at

Term	Description
	https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, as updated from time to time
"Specified Locations"	The Bidding centres where the Syndicate shall accept Bid cum Application Forms from relevant Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in), and updated from time to time
"Share Escrow Agent"	Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely [●]
"Share Escrow Agreement"	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent for deposit of the respective portion of Offered Shares by such Selling Shareholders in escrow and credit of such Offered Shares to the demat account of the Allottees.
"Sponsor Bank"	The Banker to the Offer registered with SEBI which is appointed by the Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the UPI Mandate Requests and / or payment instructions of the RIBs using the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, in this case being [●]
"Stock Exchanges"	Collectively, BSE Limited and National Stock Exchange of India Limited
"Syndicate Agreement"	Agreement to be entered into among our Company, the Selling Shareholders, the BRLMs, and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate.
"Syndicate Members"	Intermediaries (other than BRLMs) registered with SEBI who are permitted to accept bids, applications and place orders with respect to the Offer and carry out activities as an underwriter namely, [●]
"Syndicate" or "members of the Syndicate"	Together, the BRLMs and the Syndicate Members
"Systemically Important Non-Banking Financial Company" or "NBFC-SI"	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
"Underwriters"	[●]
"Underwriting Agreement"	The agreement to be entered into amongst the Underwriters, the Selling Shareholders and our Company on or after the Pricing Date, but prior to filing of the Prospectus
"UPI"	Unified Payments Interface, which is an instant payment mechanism developed by NPCI
"UPI ID"	ID created on UPI for single-window mobile payment system developed by the NPCI
"UPI Mandate Request"	A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by the SCSBs on the website of SEBI and by way of an SMS directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds in the relevant ASBA Account through the UPI linked mobile application equivalent to Bid Amount and subsequent debit of funds in case of Allotment In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time
"UPI Mechanism"	The Bidding mechanism that may be used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars
"UPI PIN"	Password to authenticate UPI transaction
"Wilful Defaulter"	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(iii) of the SEBI ICDR Regulations
"Working Day"	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, Working Day shall mean all days except all Saturdays, Sundays and public holidays

Term	Description
	on which commercial banks in Mumbai are open for business; and with respect to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays in India, as per the circulars issued by SEBI.

Technical/Industry Related Terms/Abbreviations

Term	Description
"BLDC Motors"	Brushless direct current motors
"Clean Powertrain"	Internal combustion engines, fuel injections and transmissions collectively referred to as "Clean Powertrain"
"CNC"	Computer numerical controlled machines
"EV Road Vehicles"	Electric two wheelers, three wheelers and light commercial vehicles
"FHEV"	Full Hybrid Electric Vehicle
"IIOT"	Implemented Industry Internet of Things
"JIT"	Just in time
"MHEV"	Mild Hybrid Electric Vehicle
"OEM"	Original equipment manufacturer
"TMT"	Thirty Meter Telescope

Conventional and General Terms or Abbreviations

Term	Description
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupees
"AIFs"	Alternative investment funds as defined in and registered under the AIF Regulations
"AIF Regulations"	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
"BSE"	BSE Limited
"BTI Regulations"	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
"CAGR"	Compounded Annual Growth Rate
"Calendar Year" or "year"	Unless the context otherwise requires, shall refer to the twelve month period ending December 31
"Category I AIF"	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
"Category II AIF"	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
"Category I FPIs"	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category II FPIs"	FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category III AIF"	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
"CCI"	Competition Commission of India
"CDSL"	Central Depository Services (India) Limited
"Companies Act, 1956"	*Erstwhile* Companies Act, 1956 along with the relevant rules made thereunder
"Companies Act" / "Companies Act, 2013"	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended and to the extent currently in force
"COVID – 19"	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
"Cr.P.C."	Code of Criminal Procedure, 1973
"CSR"	Corporate social responsibility
"Demat"	Dematerialised
"Depositories Act"	Depositories Act, 1996
"Depository" or "Depositories"	NSDL and CDSL

Term	Description
“DIN”	Director Identification Number
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act
“DP ID”	Depository Participant’s Identification Number
“EPS”	Earnings per share
“EBITDA”	Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) is calculated as the sum of (i) restated profit / (loss) for the period / year (ii) total tax expense, (iii) depreciation and amortisation expense, and (iv) finance costs. EBITDA is a Non – GAAP Measure. For further details, see “*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*” on page 17 For a reconciliation of EBITDA, see “*Other Financial Information*” on page 361
“Adjusted EBITDA”	Adjusted EBITDA is calculated as the sum of (i) restated profit / (loss) for the period / year (ii) total tax expense, (iii) depreciation and amortisation expense, (iv) finance costs, and (v) loss on fair valuation of CCPS. Adjusted EBITDA is a Non – GAAP Measure. For further details, see “*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*” on page 17 For a reconciliation of Adjusted EBITDA, see “*Other Financial Information*” on page 361
“EBITDA Margin”	EBITDA Margin is calculated as EBITDA divided by Total Income. EBITDA Margin is a Non – GAAP Measure. For further details, see “*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*” on page 17 For a reconciliation of EBITDA Margin, see “*Other Financial Information*” on page 361
“Adjusted EBITDA Margin”	Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Total Income. Adjusted EBITDA Margin is a Non – GAAP Measure. For further details, see “*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*” on page 17 For a reconciliation of Adjusted EBITDA Margin, see “*Other Financial Information*” on page 361
“FDI”	Foreign direct investment
“FDI Policy”	The consolidated FDI policy, effective from October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India *(earlier known as the Department of Industrial Policy and Promotion*)
“FEMA”	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder
“FEMA Rules”	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
“Financial Year”, “Fiscal”, “FY” or “F.Y.”	Period of twelve months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year, unless stated otherwise
“FIR”	First information report
“FPI(s)”	Foreign Portfolio Investor, as defined under the FPI Regulations
“FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
“FIPB”	The erstwhile Foreign Investment Promotion Board
“Fugitive Economic Offender”	A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018
“FVCI”	Foreign venture capital investors, as defined and registered with SEBI under the FVCI Regulations

Term	Description
"FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
"GDP"	Gross domestic product
"GoI" or "Government" or "Central Government"	Government of India
"GST"	Goods and services tax
"HUF"	Hindu undivided family
"IAS Rules"	Companies (Indian Accounting Standards) Rules, 2015, as amended
"ICAI"	The Institute of Chartered Accountants of India
"ICSI"	The Institute of Company Secretaries of India
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board
"India"	Republic of India
"Ind AS" or "Indian Accounting Standards"	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with IAS Rules
"Ind AS 24"	Indian Accounting Standard 24, "Related Party Disclosures", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.
"Ind AS 32"	Indian Accounting Standard 32, "Financial Instruments (Presentation)", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.
"Ind AS 33"	Indian Accounting Standard 33, "Earnings Per Share", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.
"Ind AS 34"	Indian Accounting Standard 34, "Interim Financial Reporting", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.
"Ind AS 37"	Indian Accounting Standard 37, "Provisions, Contingent Liabilities and Contingent Assets", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.
"Ind AS 108"	Indian Accounting Standard 108, "Operating Segments", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules
"Ind AS 109"	Indian Accounting Standard 109, "Financial Instruments", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.
"IGAAP" or "Indian GAAP"	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended and the Companies (Accounts) Rules, 2014, as amended
"IPC"	The Indian Penal Code, 1860
"IPR"	Intellectual property rights
"IST"	Indian standard time
"IT Act"	The Income Tax Act, 1961
"IT"	Information technology
"Listing Agreement"	The equity listing agreement to be entered into by our Company with each of the Stock Exchanges
"Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
"MCA"	Ministry of Corporate Affairs, Government of India
"Mn" or "mn"	Million
"N.A."	Not applicable
"NACH"	National Automated Clearing House
"NAV"	Net asset value
"Net Asset Value"	Net Asset Value is calculated as total assets minus the total liabilities of the Company. Net Asset Value is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Net Asset Value, see "*Other Financial Information*" on page 361

Term	Description
"Net Asset Value per Share / NAV"	Net Asset Value per equity share is calculated by dividing Net Asset Value by the number of equity shares outstanding at the end of the period / year. Net Asset Value per share is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Net Asset Value per equity share, see "*Other Financial Information*" on page 361
"Net Debt"	Net Debt is calculated as the sum of (i) Total Non-current borrowings, (ii) Total Current borrowings (Excluding current maturity of long term loans), and, (iii) current maturities of long term loans less (i) Cash and cash equivalents, and (ii) Bank balances other than cash and cash equivalents. Net Debt is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Net Debt, see "*Other Financial Information*" on page 361
"Adjusted Total Equity"	Adjusted Total Equity is sum of (i) Total Equity and (ii) Fair Value of CCPS. Adjusted Equity Ratio is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Total Equity to Adjusted Total Equity, see "*Other Financial Information*" on page 361
"Net Worth"	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, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Net Worth is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Net Worth, see "*Other Financial Information*" on page 361
"NRV"	Net realisable value
"NBFC"	Non-Banking Financial Company
"NEFT"	National electronic fund transfer
"NPCI"	National Payments Corporation of India
"NRE Account"	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016
"NRI" or "Non-Resident Indian"	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
"NRO Account"	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016
"NSDL"	National Securities Depository Limited
"NSE"	National Stock Exchange of India Limited
"OCB" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer
"P/E Ratio"	Price/earnings ratio
"PAN"	Permanent account number allotted under the Income Tax Act, 1961
"PAT Margin"	PAT Margin is calculated as restated profit / (loss) for the period / year divided by Total Income.

Term	Description
	For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of PAT Margin, see "*Other Financial Information*" on page 361
"Adjusted PAT Margin"	Adjusted PAT Margin is calculated as Adjusted PAT divided by Total Income. Adjusted PAT is calculated as the sum of (i) Restated profit / (loss) for the period / year, and (ii) Loss on fair valuation of CCPS. Adjusted PAT Margin is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Adjusted PAT Margin, see "*Other Financial Information*" on page 361
"ROCE"	Return on Capital Employed (RoCE) is calculated as EBIT divided by Capital Employed. EBIT is defined as sum of (i) Restated profit/(loss) for the period/year, (ii) Total tax expense, and (iii) Finance Cost. Capital Employed is defined as the sum of (i) Tangible Net Worth, (ii) Total Borrowings and (iii) Deferred Tax Liabilities. Tangible Net Worth is defined as Total Assets less (i) Total Liabilities and (ii) Intangible Assets and Intangible Assets under development. ROCE is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of ROCE, see "*Other Financial Information*" on page 361
"Adjusted ROCE"	Adjusted ROCE is calculated as Adjusted EBIT divided by Capital Employed. Adjusted EBIT is defined as sum of (i) Restated profit/(loss) for the period/year, (ii) Total tax expense, and (iii) Finance Cost., and (iv) Loss on Fair Valuation of CCPS. Capital Employed is defined as the sum of (i) Tangible Net Worth, (ii) Total Borrowings and (iii) Deferred Tax Liabilities. Tangible Net Worth is defined as Total Assets less (i) Total Liabilities and (ii) Intangible Assets and Intangible Assets under development. Adjusted ROCE is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Adjusted ROCE, see "*Other Financial Information*" on page 361
"RBI"	Reserve Bank of India
"Regulation S"	Regulation S under the U.S. Securities Act
"RONW"	Return on Net Worth is calculated as Restated profit/(loss) for the period/year divided by Net worth. Return on Net Worth (RONW) is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Return on Net Worth (RONW), see "*Other Financial Information*" on page 361
"RTGS"	Real time gross settlement
"SCRA"	Securities Contracts (Regulation) Act, 1956

Term	Description
"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 ICDR Regulations"	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
"SEBI Insider Trading Regulations"	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
"SEBI Merchant Bankers Regulations"	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1999
"SEBI SBEB Regulations"	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021
"SICA"	The erstwhile Sick Industrial Companies (Special Provisions) Act, 1985
"STT"	Securities Transaction Tax
"State Government"	Government of a State of India
"SEBI Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
"Total Borrowings"	Calculated as sum of Non – Current Borrowings and Current Borrowings. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Total Borrowings, see "*Other Financial Information*" on page 361
"Adjusted Total Borrowings"	Calculated as sum of (i) Total Non – Current Borrowings, and (ii) Total Current Borrowings less (i) Fair Value of CCPS. Adjusted Total Borrowings is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17 For a reconciliation of Adjusted Total Borrowings, see "*Other Financial Information*" on page 361
"UPI Streamlining Circular"	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021
"U.S.A"/ "U.S."/ "United States"	The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia
"USD" or "US$"	United States Dollars
"U.S. GAAP"	Generally Accepted Accounting Principles in the United States of America
"U.S. Securities Act"	United States Securities Act of 1933, as amended
"VAT"	Value added tax
"VCFs"	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be

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

Certain Conventions

All references to “India” in this Draft Red Herring Prospectus are to the Republic of India and its territories and possession and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

All references herein to the “US”, the “U.S.A” or the “United States” are to the United States of America and 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 stated otherwise or the context requires otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from our Restated Summary Statements.

Our Restated Summary Statements, comprising the restated summary statement of assets and liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 (as adjusted), the restated summary statement of profit and loss and the restated summary statement of cash flows for the three months ended June 30, 2021 and June 30, 2020, and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 (as adjusted), together with the summary statement of significant accounting policies, and other explanatory information thereon derived from the audited financial statements as at and for the three months ended June 30, 2021 and June 30, 2020 each prepared in accordance with Ind AS 34 and the audited financial statements as at and for the year ended March 31, 2021 prepared in accordance with Ind AS and the audited financial statements as at and for the years ended March 31, 2020 and March 31, 2019 prepared in accordance with IGAAP and restated in accordance with the SEBI ICDR Regulations, as amended from time to time, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI.

Our Company has prepared the first Ind AS financial statements for the financial year ended March 31, 2020 with a date of transition of April 1, 2019. Accordingly, the Restated Summary Statements as at and for the year ended March 31, 2019 has been prepared on as adjusted Ind AS basis in accordance with the requirements of SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 and Guidance Note on Reports in the Company Prospectuses 2019 issued by ICAI.

The Restated Summary Statements for the three months ended June 30, 2021 and June 30, 2020 are not indicative of full year results and accordingly, such financial information is not comparable to the Restated Summary Statements for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019. Further, the percentages and ratios expressed in this Draft Red Herring Prospectus, to the extent they pertain to the three month period ended June 30, 2021 and June 30, 2020, are not annualised.

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year; accordingly, all references to a particular financial year or fiscal, unless stated otherwise, are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Reference in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the 12 months ended on March 31 of such year, unless otherwise specified.

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

Unless the context otherwise requires or indicates, any percentage amounts or ratios (excluding certain operational metrics), as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 238 and 367, respectively, and elsewhere in this Draft Red Herring Prospectus have been derived from the Restated Summary Statements.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as otherwise stated, all figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. 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.

Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Non-GAAP Measures

Certain non-GAAP measures such as Net Worth, Return on Net Worth, EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, Net Asset Value, Net Asset Value per Equity Share, PAT Margin, Adjusted PAT, Adjusted PAT Margin, EBIT, Adjusted EBIT, Capital Employed, Tangible Net Worth, ROCE, Adjusted ROCE, Adjusted Total Equity, Adjusted Total Borrowings, Total Borrowings / Total Equity and Total Non-Current Borrowings / Total Equity ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. For details, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 238 and 367, respectively. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit / (loss) for the year / period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term and, therefore, a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting their usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us because these are widely used measures to evaluate a company's operating performance. See "*Risk Factors – Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, Return on Net Worth, EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, Net Asset Value, Net Asset Value per Equity Share, PAT Margin, Adjusted PAT, Adjusted PAT Margin, EBIT, Adjusted EBIT, Capital Employed, Tangible Net Worth, ROCE, Adjusted ROCE, Adjusted Total Equity, Adjusted Total Borrowings, Total Borrowings / Total Equity and Total Non-Current Borrowings / Total Equity have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.*" on page 52.

Currency and Units of Presentation

All references to:

1. "Rupees" or "INR" or "Rs." or "₹" are to the Indian Rupees, the official currency of India; and

2. "USD" or "US$" or "$" or "U.S. Dollar" are to the United States Dollar, the official currency of the United States of America.

Except otherwise specified, our Company has presented certain numerical information in this Draft Red Herring Prospectus in "crore", "million", "billion" and "trillion" units. One crore represents 10,000,000, one million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Exchange Rates

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

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupees and other foreign currencies:

Currency	As on June 30, 2021 (₹)	As on March 31, 2021(₹)	As on March 31, 2020 (₹)	As on March 31, 2019(1) (₹)
1 USD	74.35	73.50	75.39	69.17

(Source: USD - www.fbil.org.in)

(1) *It is a public holiday, the previous working day not being a public holiday has been considered.*

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the report titled "*Assessment of market potential for specific precision components*" issued in October 2021 prepared by CRISIL (the "**CRISIL Report**") and publicly available information as well as other industry publications and sources. The CRISIL Report has been commissioned by our Company exclusively for the purposes of the Offer for an agreed fee and is available at https://www.mainiprecisionproducts.com/Corporate-Governance.html. For further details in relation to risks involving the industry, see "*Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from the CRISIL Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.*" on page 51.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy, adequacy and completeness or underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. The excerpts of the industry report are disclosed in the Offer Documents and there are no parts, information, data (which may be relevant for the proposed Offer), left out or changed in any manner. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 30. Accordingly, investment decisions should not be based solely on such information.

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

In accordance with the SEBI ICDR Regulations, the section titled "*Basis for the Offer Price*" on page 95, includes information relating to our peer group companies. Such information has been derived from publicly available sources. Accordingly, no investment decision should be made solely on the basis of such information.

Disclaimer of CRISIL

This Draft Red Herring Prospectus contains certain data and statistics from the CRISIL Report, which is subject to 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”). 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. 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. Maini Precision Products Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / 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 Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL’s prior written approval.”

FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain statements which are not statements of historical facts and may be described as "forward-looking statements". These forward-looking statements include statements which can generally be identified by words or phrases such as "aim", "anticipate", "are likely", "believe", "continue", "can", "shall", "could", "expect", "estimate", "goal", "intend", "may", "likely" "objective", "plan", "project", "propose", "seek to", "will", "will continue", "will likely", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, plans, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Draft Red Herring Prospectus that are not historical facts. However, these are not the exclusive means of identifying forward looking statements.

These 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, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates 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 and globally 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 laws, regulations, taxes, changes in competition in our industry and incidents of any natural calamities and/or acts of violence. Certain important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

1. Impact of COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations.
2. Dependence on exports and the performance of industries where we supply our products.
3. Dependence on our top ten customers and the loss of such customers or a significant reduction in purchases by such customers will have a significant adverse impact on our business.
4. Inability to realize all the revenue expected from our incremental business pipeline and absence of firm commitment agreements with customers.
5. Development of our products involves a lengthy and expensive process with uncertain timelines and uncertain outcomes.
6. We may not be successful in implementing our growth strategies.
7. Inability to anticipate, identify, understand and respond timely to rapidly evolving technological and market trends and preferences and develop new products to meet our customers' demands.
8. Our business faces substantial competition from competitors.
9. Involvement of our Company and Promoters in certain legal proceedings and potential litigations.
10. Incurrence of losses in the past, which may adversely impact our business and the value of the Equity Shares.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" on pages 30, 238 and 367, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs, assumptions, current plans, estimates and expectations, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

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

Neither our Company, our Directors, our Promoters, the Selling Shareholders, the BRLMs, the Syndicate Members nor any of their respective affiliates or advisors 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 the requirements under the SEBI ICDR Regulations and as prescribed under applicable law, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Shares from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. Each Selling Shareholder shall, severally and not jointly, ensure that the investors are informed of material developments in relation to statements specifically confirmed or undertaken by the respective Selling Shareholders in relation to itself and its respective portion of the Offered Shares in this Draft Red Herring Prospectus, the Red Herring Prospectus and the 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 each of the Selling Shareholders, as the case may be, in this Draft Red Herring Prospectus shall be deemed to be statements and undertakings made by such Selling Shareholders.

SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of the terms of the Offer, certain disclosures included in this Draft Red Herring Prospectus 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 the sections titled "*Risk Factors*", "*The Offer*", "*Capital Structure*", "*Industry Overview*", "*Our Business*", "*Objects of the Offer*", "*Our Promoters and Promoter Group*", "*Financial Statements*", "*Outstanding Litigation and Material Developments*", *"Offer Structure", "Management's Discussions and Analysis of Financial Position and Results of Operations*" on pages 30, 61, 75, 106, 238, 88, 291, 297, 410, 431, and 367 respectively.

Primary business of our Company

We are an end-to-end solutions provider engaged in process design, engineering, manufacturing, testing, and supply of a variety of precision products and assemblies. We are capable of diverse and critical manufacturing and finishing processes, including machined castings, die castings, machined forgings, bar route machining, plate machining, surface treatment, heat treatment, critical assembly, as well as ancillary activities such as end of line testing, export packing and warehousing, which helps us provide end-to-end solutions for our customer requirements.

Summary of the industry in which our Company operates

Industrial sector which is the second largest contributor maintained its share in GDP as the sector grew 7% CAGR over fiscal 2015 to 2019. Industrial contribution contracted in fiscal 2020 with the slowdown in economic development. Before the overall economic activity slowed down in fiscal 2020, growth in India's industrial sector output was supported by Government's make in India initiative, rising domestic consumption and implementation of GST. The government initiatives improved India's ranking in World Bank's ease of doing business ranking by from 142 in 2014 to 63 in 2019. *(Source: CRISIL Report)*

Name of the Promoters

Our Promoters are Sandeep Kumar Maini, Gautam Maini and Chetan Kumar Maini. For further details, see "*Our Promoters and Promoter Group*" on page 291.

Offer Size

Offer of Equity Shares(1)	Up to [●] Equity Shares, aggregating up to ₹ [●] million
of which	
Fresh Issue(1)	Up to [●] Equity Shares, aggregating up to ₹ 1,500 million
Offer for Sale(2)	Up to 25,481,705 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders, comprising an offer for sale of up to 6,020,765 Equity Shares aggregating up to ₹ [●] million by the Promoter Selling Shareholders, up to [●] Equity Shares aggregating up to ₹ 645,865 million by the Individual Selling Shareholders, up to 513,390 Equity Shares aggregating up to ₹ [●] million by the Other Selling Shareholder and up to 18,301,685 Equity Shares* aggregating up to ₹ [●] million by the Investor Selling Shareholders

(1) The Offer has been authorized by a resolution of our Board dated December 6, 2021 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated December 6, 2021.

(2) The Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale as part of the Offer in terms of the SEBI ICDR Regulations. For further details of authorisations pertaining to the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 415.

**Includes 5,768,018 Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited, which shall be converted up to a maximum of 4,286,880 Equity Shares and includes 18,856,982 Series A CCPS and Series B CCPS held by Paragon Partners Growth Fund – II, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

The Offer shall constitute [●] % of the post Offer paid up Equity Share capital of our Company.

The above table summarises the details of the Offer. For further details of the offer, see "*The Offer*" and "*Offer Structure*" on pages 61 and 431, respectively.

Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

(In ₹ million)

Particulars	Amount
Repayment / prepayment, in part or full, of all or certain borrowings of our Company	1,125
General corporate purposes*	[●]
Net Proceeds*	**[●]**

** To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds from the Fresh Issue.*

For further details, see "*Objects of the Offer*" on page 88.

Aggregate pre-Offer shareholding of our Promoters, our Promoter Group and Selling Shareholders

The aggregate pre-Offer shareholding of our Promoters and Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of the Company is set out below. Further, except as stated below, the members of our Promoter Group do not hold any Equity Shares in our Company, as on the date of this Draft Red Herring Prospectus.

S No.	Name of shareholder	Pre-Offer Equity Share capital	
		Number of Equity Shares	Percentage of total pre-Offer paid up Equity Share capital (%)
Promoters and Promoter Group			
1.	Sandeep Kumar Maini*	12,375,825	29.95
2.	Gautam Maini*	9,405,865	22.77
3.	Chetan Kumar Maini*	9,405,865	22.77
4.	The Maini Family Trust	676,305	1.64
	Total (A)	**31,863,860**	**77.13**
Selling Shareholders			
5.	Paragon Partners Growth Fund – I	5,496,745	13.30
6.	NewQuest Asia Investments II Limited	1,681,355	4.07
7.	Vippen Sareen	438,795	1.06
8.	Amit Giriraj Mohatta	242,380	0.59
9.	Arun Rajagopalan	271,845	0.66
10.	One – Up Financial Consultants Private Limited	513,390	1.24
	Total (B)	**8,644,510**	**20.92**
	Total (A+B)	**40,508,370**	**98.05**

**Also the Promoter Selling Shareholders*

The aggregate pre-Offer shareholding of our Shareholders as a percentage of the pre-Offer paid-up Preference Share capital of the Company is set out below:

S No.	Name of shareholder	Pre-Offer Preference Share capital	
		Number of Preference Shares	Percentage of total pre-Offer paid up Preference Share capital (%)
1.	Paragon Partners Growth Fund – I*	18,856,982	76.58
2.	NewQuest Asia Investments II Limited**	5,768,018	23.42
	Total	**24,625,000**	**100.00**

**18,856,982 Series A CCPS and Series B CCPS held by Paragon, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

***5,768,018 Series A CCPS and Series B CCPS held by NewQuest, which shall be converted up to a maximum of 4,286,880 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain*

Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.

Select Financial Information derived from the Restated Summary Statements

(In ₹ million except per share data)

Particulars	As at and for the period ended June 30, 2021	As at and for the period ended June 30, 2020	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019 (As adjusted)
Equity Share capital (A)	82.63	82.63	82.63	82.63	82.63
Other equity (B)	(339.53)	(13.97)	(319.69)	160.78	395.82
Other Reserve (C)	587.72	587.72	587.72	587.72	587.72
Net Worth (D) = (A)+(B)-(C)	**(844.62)**	**(519.06)**	**(824.78)**	**(344.31)**	**(109.27)**
Revenue from Operations	1,356.50	558.14	4,273.63	5,708.01	5,603.05
Restated profit / (loss) for the period / year	(27.73)	(149.93)	(468.81)	(226.47)	(183.57)
Restated Earnings / (Loss) per equity share* (EPS) (face value - ₹2)					
- Basic (in Indian Rupees)	(0.67)	(3.63)	(11.35)	(5.48)	(4.44)
- Diluted (in Indian Rupees)	(0.67)	(3.63)	(11.35)	(5.48)	(4.44)
Net asset value per equity share* (in ₹)	(6.22)	1.66	(5.74)	5.89	11.58
Total Non Current Borrowings (E)	3,315.90	2,994.95	3,283.34	3,048.48	2,544.57
Total Current Borrowings (F)	2,083.60	1,555.08	1,952.81	1,698.38	1,719.10
Total Borrowings (G) = (E)+(F)	**5,399.50**	**4,550.03**	**5,236.15**	**4,746.86**	**4,263.67**

** After considering the impact of sub-division of each equity share of a face value of ₹ 10 each to five Equity Shares of a face value of ₹ 2 each on October 27, 2021 and not derived from the Restated Summary Statements.*
**The Earnings per share information for the period ended June 30, 2021 and June 30, 2020 are not annualized.*

For further details see "*Financial Information*" and "*Other Financial Information*" on pages 297 and 361, respectively.

Qualifications of the Statutory Auditors

There are no auditor qualifications which require corrective adjustments, and which have not been given effect to in the Restated Summary Statements.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings as on the date of this Draft Red Herring Prospectus as disclosed in the section titled "*Outstanding Litigation and Material Developments*" in terms of the SEBI ICDR Regulations and the Materiality Policy is provided below:

Type of Proceedings	Number of cases	Amount* (₹ in million)
Cases against our Company		
Criminal proceedings	-	-
Actions taken by statutory or regulatory authorities	1	-
Claims related to direct and indirect taxes	6	187.35
Other pending material litigation proceedings	-	-
Total	**7**	**187.35**
Cases by our Company		
Criminal proceedings	1	2.60
Other pending material proceedings	-	-
Total	**1**	**2.60**
Cases against our Promoters		
Criminal proceedings	-	-
Actions taken by statutory or regulatory authorities	-	-
Disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoter in the last five financial years.	-	-
Claims related to direct and indirect taxes**	1	0.98
Other pending material litigation	-	-
Total**	**1**	**0.98**

Type of Proceedings	Number of cases	Amount* (₹ in million)
Cases by our Promoters		
Criminal proceedings	-	-
Other pending material litigation	-	-
Total	-	-
Cases against the Directors		
Criminal proceedings	-	-
Actions taken by statutory or regulatory authorities	-	-
Direct and indirect taxes	-	-
Other pending material litigation	-	-
Total	-	-
Cases by the Directors		
Criminal proceedings	-	-
Other pending material litigation	-	-
Total	-	-
Cases against the Group Companies		
Pending litigation which has a material impact on our Company	-	-
Total	-	-
Cases by the Group Companies		
Pending litigation which has a material impact on our Company	-	-

**To the extent quantifiable*

***Includes tax litigation involving Sandeep Kumar Maini, who is also a Director of our Company, and is disclosed under tax litigations involving the Promoters*

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" on page 410.

Risk Factors

Investors should see "*Risk Factors*" on page 30 to have an informed view before making an investment decision.

Summary of Contingent Liabilities of our Company

Details of the contingent liabilities (as per Ind AS 37) of our Company as on June 30, 2021 derived from the Restated Summary Statements are set forth below:

Particulars	As at June 30, 2021 (₹ in million)
Contingent Liabilities	
Contingent liability towards pending litigations related to disputed dues of:	
- Excise duty	111.72
- Service tax	24.85
- Income tax matters	50.78

For further details of the contingent liabilities (as per Ind AS 37) of our Company as on June 30, 2021, see "*Restated Summary Statements - Contingent liabilities*" on page 346.

Summary of Related Party Transactions

Summary of the related party transactions as per Ind AS 24-Related Party Disclosures, derived from Restated Summary Statements, is as follows:

(In ₹ million)

		For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
(i)	**Issue of CCPS**					
	Paragon Partners Growth Fund I	-	-	-	191.44	-
	New Quest Asia Investments II Limited	-	-	-	58.56	-
(ii)	**Dividend on CCPS**					

(In ₹ million)

		For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
	Paragon Partners Growth Fund I (Amount paid ₹188)	-	-	0.00	0.00	-
	New Quest Asia Investments II Limited (Amount paid Rs.58)	-	-	0.00	0.00	-
(iii)	**Fair value change in CCPS: Loss**					
	Paragon Partners Growth Fund I	46.12	8.48	220.23	330.61	327.97
	New Quest Asia Investments II Limited	14.10	2.59	67.37	101.13	100.32
(iv)	**Remuneration (including commission and bonus) *Refer Note 1 below***					
	Mr. Gautam Maini	2.07	2.07	9.85	13.96	13.91
	Mr. V Sridhar	1.91	1.64	6.99	7.28	6.18
	Mr. Vijayesh Rajendran	0.21	0.21	0.73	0.87	0.82
(v)	**Sitting fees**					
	Mr. Tarak B Madhani	-	-	0.04	0.15	0.15
	Mr. Hemang Harish Raja	-	-	-	0.07	0.14
	Ms. Shubha Kulkarni	-	-	-	-	0.04
	Dr. Kewal Krishna Nohria	-	-	0.14	0.14	0.10
	Ms. Rukmani Menon	-	-	0.14	0.07	-
	Mr. Sandeep Kumar Maini	-	-	0.02	0.03	0.03
(vi)	**Sale of goods**					
	Maini Materials Movement Private Limited	0.03	-	0.15	0.09	0.16
(vii)	**Contribution towards CSR expenses**					
	Gramothan Foundation	-	-	5.90	7.10	5.65
(viii)	**Purchase of property, plant and equipment**					
	Armes Maini Storage System Private Limited	-	-	-	1.40	6.20
	Maini Materials Movement Private Limited	0.02	-	0.05	3.65	1.02
(ix)	**Purchase of raw materials**					
	Maini Materials Movement Private Limited	0.12	-	0.54	0.85	1.15
	Virya Mobility 5.0 LLP	-	-	0.01	-	-
(x)	**Other expenses**					
	Gallery G	-	-	-	0.16	-
	Maini Industrial Consultants	-	-	0.10	0.10	0.11
	Armes Maini Storage System Private Limited	-	-	0.01	-	-
	Bangalore Transport Finance Company	3.80	3.18	14.42	16.25	17.32
	Print Brew	-	-	0.15	0.20	0.59
(xi)	**Expenses reimbursed by the Company on behalf of**					
	Maini Materials Movement Private Limited	-	-	-	0.23	0.15
(xii)	**Payment made towards lease expenses**					
	Mr. Gautam Maini	0.81	0.81	3.24	3.24	3.24

(In ₹ million)

		For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
	Maini Materials Movement Private Limited	4.77	4.54	18.17	17.30	17.53
(xiii)	**Expenses incurred on behalf of the Company**					
	Mr. Gautam Maini	-	-	0.03	1.19	22.29
	Mr. Hemang Harish Raja	-	-	-	0.03	-
(xiv)	**Lease Income**					
	Armes Maini Storage System Private Limited	-	-	-	-	0.06

Note:

(1) As the liability for gratuity and leave encashment is provided on an actuarial basis for our Company as a whole, the amount pertaining to remuneration to the directors are not ascertainable and, therefore, not included above.

(2) Certain borrowings of our Company are secured by personal guarantees provided by the directors of our Company.

For further details of the related party transactions, as per the requirements under Ind AS 24 'Related Party Disclosures', see "*Related Party Transactions*" on page 366.

Financing Arrangements

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

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

There have been no acquisition of Equity Shares and / or Preference Shares by our Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus.

Details of pre – IPO Placement

Our Company is not undertaking any issuance or placement of Equity Shares from the date of this Draft Red Herring Prospectus until the listing of the Equity Shares.

Average cost of acquisition of Equity Shares by our Promoters and Selling Shareholders

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

Name of Promoters and Selling Shareholders	Number of Equity Shares held	Average cost of acquisition per Equity Share (in ₹)
Sandeep Kumar Maini	12,375,825	(22.33)
Gautam Maini	9,405,865	0.57
Chetan Kumar Maini	9,405,865	0.56
Arun Rajagopalan	271,845	64.56
Paragon Partners Growth Fund – 1*	5,496,745	121.20
Amit Giriraj Mohatta	242,380	123.77
One – Up Financial Consultants Private Limited	513,390	128.80
Vippen Sareen	438,795	21.53
NewQuest Asia Investment II Limited**	1,681,355	121.20

**Includes 18,856,982 Series A CCPS and Series B CCPS held by Paragon Partners Growth Fund – I, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

***Includes 5,768,018 Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited, which shall be converted up to a maximum of 4,286,880 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For* *further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

For further details of the average cost of acquisition for our Promoters, see "*Capital Structure – Build – up of our Promoters' shareholding in our Company*" at page 81.

Details of acquisition of specified securities by our Promoters, Promoter Group and Selling Shareholders, during the three years preceding the date of the Draft Red Herring Prospectus:

Except as set out below, none of our Promoters, members of the Promoter Group or the Selling Shareholders have acquired specified securities in the preceding three years from the date of this Draft Red Herring Prospectus:

Name of the acquirer/shareholder	Date of acquisition of Equity Shares	Date of acquisition of Preference Shares	Number of Equity Shares acquired	Number of Preference Shares acquired	Acquisition price per Equity Share	Acquisition price per Preference Share
Mr. Amit Giriraj Mohatta	May 17, 2019	-	48,476	-	618.86	-
One – Up Financial Consultants Private Limited	June 30, 2019	-	1,02,678	-	644.00	-
Paragon Partners Growth Fund	-	July 11, 2019	-	4,78,604	-	400
NewQuest Asia Investments II Limited	-	July 18, 2019	-	1,46,396	-	400

As certified by M/s. J. Singh and Associates, Chartered Accountants, by way of their certificate dated December 13, 2021.

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

Except as stated below, our Company has not undertaken split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus:

Pursuant to a resolution passed by the Board and Shareholders in their meeting held on October 27, 2021, our Company has sub-divided the face value of its equity shares from ₹10 each to ₹2 each. For further details, see "*Capital Structure*" on page 75.

SECTION II – RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares.

We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties are not the only risks relevant to us, or the Equity Shares or the industry and the segments in which we currently operate or propose to operate. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, prospects, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, prospects, cash flows, 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. Further, some events may be material collectively rather than individually. To obtain a more detailed understanding of our business and operations, please read this section in conjunction with the sections titled "Industry Overview", "Our Business", "Key Regulations and Policies in India", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Outstanding Litigation and Material Developments" on pages 106, 238, 265, 367 and 410*, respectively, as well as other financial and statistical information contained in this Draft Red Herring Prospectus.*

To the extent the COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks described in this section. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisers about the particular consequences to you of an investment in our Equity Shares.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below, "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 238 *and* 367*. For details, see "Forward-Looking Statements" on page 21. Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Restated Summary Statements included in this Draft Red Herring Prospectus on page* 297*.*

*Unless otherwise indicated, or unless the context otherwise requires, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of market potential for specific precision components" (the "**CRISIL Report**"), prepared and issued by CRISIL Limited in October, 2021, which has been exclusively commissioned and paid for by our Company and prepared exclusively in connection with the Offer. Unless otherwise indicated, or unless the context otherwise requires, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate." on page 51. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 19.*

Unless otherwise indicated, or unless the context otherwise requires, all financial information derived from the Restated Summary Statements and operational, industry, and other related information included in this section with respect to any particular year, refers to such information for the relevant financial year.

Risks relating to our business and industry

1. The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations.

An outbreak of the COVID-19 was recognized as a pandemic by the World Health Organization ("**WHO**"), on March 11, 2020. In response to the COVID-19 pandemic, the governments of many countries, including India, US, Europe and China have taken preventive and protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Individuals' ability to travel both within and outside of India have been curtailed through mandated travel restrictions and may be further limited. Since May 2020 some of these measures had been lifted and partial travel had been permitted. However, continuing into Fiscal 2021, the world has been, and continues to be, impacted by the COVID-19 pandemic. Resurgence of the virus or a variant of the virus in March 2021 that causes a rapid increase in cases and deaths has resulted in several Indian states and countries re-imposing lockdown restrictions to control the impact of the ongoing COVID-19 pandemic, which if prolonged may cause significant economic disruption in India and the rest of the world. These measures have impacted and may have a further impact on our workforce and operations in India and overseas jurisdictions in which we operate, the business of our customers and suppliers. COVID-19 impacts that had subsided may again impact our business in the future and new impacts may emerge, particularly given the rise of COVID-19 cases in India in the first half of 2021.

The COVID-19 pandemic has led to a significant downturn in the global economy and substantial curtailment of business activities worldwide, which adversely affected, and may adversely affect in the future, our results of operations, financial condition and cash flows. The resultant disruptions to the supply chain and reduced levels of orders, consumer spending and industrial production in the affected countries has precipitated an economic slowdown in those economies which, if prolonged, could cause a global recession. A significant portion of our income is derived from sale of goods with end-use in the overseas markets, including United States, France, Sweden, Italy, Slovakia, England, Japan, Spain, Poland and Germany. The COVID-19 pandemic and the related preventive and protective actions had impacted our business through complete suspension of activities at our manufacturing and assembly facilities in India.

On account of the lockdown imposed by GoI, our manufacturing facilities were shutdown either partially or completely for various periods between March 23, 2020 and June 14, 2020 during the first wave and for various periods between May 3, 2021 and May 17, 2021 during the second wave. As a result, in Fiscal 2020 and the period thereafter during which our manufacturing facilities were shut down, we experienced overall low consumer demand in the markets we service, and consequently low orders from our customers for our products. Although the lockdown was partially and gradually eased since May 2020, as a result of the movement restrictions in India and globally to curb the spread of the COVID-19 pandemic, production in our manufacturing facilities was adversely impacted due to manpower constraints, supply chain disruption, disruption in timely availability and transportation of raw materials, unavailability of personnel, delays in obtaining local approvals and clearances and cash flow challenges of suppliers and contractors. For example, some of our key casting suppliers had shut down their facilities and subsequently operated on reduced manpower, which resulted in production delays. There is no assurance how long the lockdown restrictions and advisories may be in place or when commercial and industrial activities will return to pre-pandemic levels even after such restrictions or advisories are lifted. Further, opening of facilities and restoration of the supply chain to normalcy after a lock down is a gradual process.

The COVID-19 and the factors discussed above adversely affected our financial condition in Fiscal 2021. Our total income decreased by 25.22% to ₹4,368.04 million for Fiscal 2021 from ₹5,841.20 million for Fiscal 2020. Our average monthly revenue from sale of goods and services reduced by 48.61% for the period between April 1, 2020 – August 31, 2020, as compared to the monthly average for the pre-COVID 19 period between May 1, 2019 – February 28, 2020. Further, there were delays in realisation of trade receivables from certain customers. For Fiscal Years 2019, 2020 and 2021, and the three month period ended June 30, 2020 and June 30, 2021, our trade receivables were ₹1,101.07 million, ₹1,151.98 million, ₹1,127.50 million, ₹735.24 million and ₹1,083.96 million, respectively, which constituted 19.65%, 20.18%, 26.38% 131.73% and 79.91% of our revenue from operations for the respective periods. The COVID-19 pandemic led to a shortage of available of space on shipping vessels as well as shipping containers, which led to escalation of our cost of ocean freight per container by up to 376.22% from ₹ 0.12 million per container in February 2020 to ₹ 0.56 million per container in September 2021.

The COVID-19 pandemic also severely impacted our capacity utilisation at our manufacturing facilities. Our average monthly production was reduced by 73.22% for our aerospace business for the period between April 1, 2020 and August 31, 2020, as compared to the monthly average for the pre-COVID 19 period between May 1, 2019 and February 28, 2020. Similarly, our average monthly production was reduced by 46.67% for our automotive and industrial business for the period between April 1, 2020 and August 31, 2020, as compared to the monthly average for the pre-COVID 19 period between May 1, 2019 and February 28, 2020.

Further, on account of the COVID-19 pandemic, our business development team is confined to have virtual meetings with customers which are less effective as compared to physical meetings due to travel restrictions. Our business development team has been unable to travel to overseas for customer meetings since February 2020. On account of the same, new overseas customer acquisition has been impacted, as the customer delegates are away from their office and are not reachable as per usual standards. Our prospective customers prefer to visit and approve our facilities before awarding new businesses, which was delayed due to pandemic.

Our cash and liquidity needs are impacted by the level, variability and timing of our customers' worldwide vehicle, aircrafts and other end use goods production and other factors outside of our control. If the global economy experiences significant decline in the future, our results of operations, financial condition and cash flow could be materially adversely affected. Given that there are fixed costs associated with our business operations, it may be difficult to adjust our cost base to the extent necessary, to withstand a complete and prolonged lockdown situation like COVID-19 and can result in non-cash impairment charges as the value of certain long-lived assets is reduced. As a result, our financial condition and results of operations may be adversely affected during periods of prolonged declining production and sales volumes in one or all of our product segments. The negative impact on our financial condition and results of operations from continued volume declines could also have negative effects on our liquidity. If cash flows are not available from our operations, we may be required to rely on the banking and credit markets to meet our financial commitments and short-term liquidity needs. However, we cannot predict whether that funding will be available at all or on commercially reasonable terms.

Thereafter, the second wave of COVID-19 pandemic hit India. Currently, the state Governments have implemented regional lockdowns based on situation in individual states/regions. Our facilities, however, are currently operating subject to certain social distancing and additional safety measures, such as, regular temperature checks, regular sanitization, and compulsory use of masks and hand sanitization. We have made detailed assessment of our liquidity position and the recoverability of carrying value of our assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, we expect to recover the carrying amount of these assets. We have performed sensitivity analysis on the assumptions used and based on the current estimates. We have also estimated the future cash flows for the Company with the possible effects that may result from the Covid-19 pandemic and do not foresee any adverse impact in realising its assets and in meeting its liabilities as and when they fall due. However, the impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated. While the Government of India in coordination with the state governments have started the bulk immunization process or vaccination drive since January 16, 2021, the scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain. There is also no assurance that the vaccines that are developed will be fully effective and/ or may not have side effects.

We continue to closely monitor the impact that COVID-19 may have on our business and results of operations. The COVID-19 pandemic and related volatility in financial markets and deterioration of national and global economic conditions could affect our business and operations in a variety of ways. For instance, on account of operating restrictions/lockdown consequent to the outbreak of the COVID-19 pandemic, we may experience operational disruptions as a result of the following:

- a temporary shutdown of our manufacturing facilities due to government restrictions or illness in connection with COVID-19;
- a decrease in demand for our products as a result of COVID-19 on account of government restrictions imposed and additionally on account of cost control measures implemented by our customers;
- supply chain disruptions for us, our suppliers and our customers;
- a significant percentage of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home orders causing delays in orders or delivery of orders;
- our strategic projects getting postponed or our planned deliveries being delayed; and
- inability to collect full or partial payments from some customers due to deterioration in customer liquidity.

In response to the COVID-19 pandemic, we have taken active measures to promote health and safety and social distancing efforts, including providing for PPEs, masks, hand sanitizers, and gloves to employees in our manufacturing facilities and in affected areas, staggered working shifts at our manufacturing and assembly plants, conducting fortnightly COVID-19 tests for all our employees, and working closely with health authorities for obtaining approvals to commence operations at our plants and to enact and enforce safety guidelines.

However, our efforts may not be successful, and we may not have sufficient protection or recovery plans to continue to deal with the COVID-19 pandemic or similar public health threats in the future, which may negatively affect our ability to meet demands of our customers and may increase the costs of our production and sales. In connection with public health threats, we may also be required to temporarily close our manufacturing facilities.

As per the CRISIL Report, economic slowdown was exacerbated in fiscal 2021 amidst the emergence of Covid-19 and the subsequent lockdowns. Services segment witnessed the biggest drop 8.4% y-o-y, followed by industry at 7.0% y-o-y. Agriculture sector was the only sector which clocked a positive growth of 3.6% y-o-y and restricted the drop in GDP. Boeing saw a cancellation of 650 aircraft in 2020 due to grounding of 737 MAX and the impact of Covid-19. Further, as per the CRISIL Report, to control the spread of the Covid-19 virus and 'flatten the curve', various control and preventive measures have been recommended or imposed by the governments of different countries, depending upon the local government, socio-economic conditions and cultural context. Strategies include school closures, remote or online teaching, working from home, closure of shops and restaurants, restrictions on public gatherings, social events and meetings, locking down countries or cities, imposing curfews, suspending public transport and taxi operations to limit travel, imposing social distancing norms, closing international borders and airports, etc. Due to this, the aviation industry was the hardest hit, especially in 2020, when the industry faced a crisis unlike any in the past.

Even if a virus or other disease does not spread significantly and such measures are not implemented, the perceived risk of infection or significant health risk may adversely affect our business. Manufacturing facilities may be perceived as unsafe during such public health threats. If any of our workforce or our manufacturing plants, and third party warehouses are identified as a possible source of spreading COVID-19, or if there is a public perception that such risk exists, our facilities may have to be shut-down and our business operations may be adversely affected. Any negative impact on consumers' willingness or ability to purchase automobiles, aircrafts, or automobile and aircraft components, and any other products that we manufacture, and consumers' willingness or ability to make purchase orders, could adversely affect our business, financial condition, and results of operations.

It is not possible to accurately predict the full impact of the COVID-19 pandemic on our business, financial condition and results of operations due to the evolving and varying nature of the COVID-19 pandemic and the extent of its impact across industries and geographies and numerous other uncertainties, including the duration and spread of the pandemic, additional actions that may be taken by governmental entities, the further impact on our customers, suppliers and business partners, our ability to continue to manufacture and sell our products, including as a result of travel restrictions and people working from home, ability of our customers to pay in a timely manner, any closures of our facilities and the facilities of our customers and suppliers and demand for our systems and components. In addition, there can be no assurance that any efforts taken by us to address the adverse impacts of the COVID-19 pandemic or actions taken to contain the COVID-19 pandemic or its impact will be effective or will not result in significant additional costs. Our Statutory Auditors have included emphasis of matter in their reports on audited financial statements as at and for the years ended March 31, 2020 and March 31, 2021 and as at and for three months ended June 30,2021 and June 30, 2020. For further details, please see "- *Our Statutory Auditors' report on our financial statements included certain emphasis of matters. Further, the reports on Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") include certain modifications"* on page 48.

2. ***Our business is dependent on exports and the performance of geographies where we supply our products. Any adverse changes in the conditions affecting the industries in global markets in which our products are supplied, including our key markets such as United States, France, Sweden, Italy, Slovakia, England, Japan, Spain, Poland and Germany, can adversely impact our business, cash flows, results of operations and financial condition.***

We are an export oriented business. Our revenue from operations attributed to a group of foreign countries is 65.26%, 71.99%, 66.23%, 73.51%, and 70.41% of our revenue from operations in Fiscal 2019, Fiscal 2020, Fiscal 2021, the three months period ended June 30, 2020 and the three months period ended June 30, 2021. Our export business is dependent on the performance of our customers who operate in industries such as aerospace, defense and space, automotive clean fuel, power tools, material handling, hydraulic, marine, locomotive, electric vehicles and electronics. Our primary export markets include the United States of America, France, Sweden, Italy, Slovakia, England, Japan, Spain, Poland and Germany.

The following table sets out our revenue from operations by geographical spread as per Ind AS 108 for the financial years / periods indicated:

(in ₹ million, except percentages)

Geography	Three months period ended June 30, 2021		Three months period ended June 30, 2020		Fiscal 2021		Fiscal 2020		Fiscal 2019	
	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution
Revenue from operations attributed to the Company's country of domicile										
India (A)	401.41	29.59%	147.84	26.49%	1,443.10	33.77%	1,598.63	28.01%	1,946.76	34.74%
Revenue from operations attributed to group of foreign countries										

(in ₹ million, except percentages)

Geography	Three months period ended June 30, 2021		Three months period ended June 30, 2020		Fiscal 2021		Fiscal 2020		Fiscal 2019	
	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution
North America (B)	459.62	33.88%	161.14	28.87%	1,346.45	31.51%	1,390.08	24.35%	1,130.00	20.17%
Europe (C)	420.57	31.00%	216.84	38.85%	1,257.81	29.43%	2,246.08	39.35%	2,181.66	38.94%
Asia (other than India) (D)	74.90	5.52%	32.32	5.79%	226.27	5.29%	473.22	8.29%	344.63	6.15%
Revenue from Operations (E) = (A)+(B)+(C)+(D)	1,356.50	100.00%	558.14	100.00%	4,273.63	100.00%	5,708.01	100.00%	5,603.05	100.00%
Revenue from Operations attributed to a group of foreign countries (F) =(B)+(C)+(D)	955.09	70.41%	410.30	73.51%	2,830.53	66.23%	4,109.38	71.99%	3,656.29	65.26%

We are therefore exposed to fluctuations in the performance of the industries where we supply our products, in the aforementioned geographies.

The sectoral markets where we have presence in India may perform differently, and be subject to market and regulatory developments that are dissimilar to the markets in other parts of the world. We cannot assure you that the demand for our products in India will grow, or will not decrease, in the future.

For example, according to the CRISIL Report, the globally widespread and complex supply chain of the aerospace industry suffered a bottleneck as aircraft manufacturer started ramping up production post the pandemic shock. As per the CRISIL Report, due to the pandemic, air carriers had significantly lowered production, leading to a big hit in the toplines of aerospace component suppliers. However, suppliers who were diversified across other industries such as defence were relatively shielded.

Once the pandemic subsides, it is hard to gauge how fast air travel demand will rebound. There are also some single-sourced casting and forging capabilities that are in jeopardy that will not be easily replaced and could disrupt any attempts to revive aircraft production.

Further, the industries in which our customers operate, have been characterized historically by significant periodic fluctuations in overall demand of end goods, resulting in corresponding fluctuations in demand for our products. The length and timing of any cycle in industries cannot be predicted with certainty. We cannot predict when our customers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. Production and sales of the end goods for which we supply products are affected by, among other things, a variety of other factors that are beyond our control, including changes in government policies, changes in consumer demand, product mix shifts in preferences, fuel prices, vehicle and aircraft electrification, demographic trends, employment and income levels and interest rates, disruptions in the supply chain, vehicle and aircraft age, labor relations, regulatory requirements, credit availability and cost of credit, interest rates and general economic and industry conditions. In the past, we have experienced sales declines during scheduled shutdowns or shutdowns resulting from unforeseen events, including facilities of our customers. For example, in the months of September, 2021 and October 2021, we have received letters from few of our customers indicating the concerns related to supply of components such as semi-conductors as a result of Covid-19, which in turn has impacted the automotive industry resulting in scheduled shutdowns and/or decrease in volumes under the order schedules by certain OEMs.

Reduced demand in the industries we currently supply, continued uncertainty and other unexpected fluctuations or change in regulations, customs, taxes or other barriers or restrictions adversely affecting our export markets, could have a material adverse impact on our business, cash flows, results of operations and financial condition.

3. Our business largely depends upon our top ten customers and the loss of such customers or a significant reduction in purchases by such customers will have a significant adverse impact on our business. The discontinuation or loss of business with respect to, or a lack of commercial success of, the end-products of customers for which we are a significant supplier could adversely affect our business and results of operations.

We derive a significant portion of our revenue from sale of goods and services from our top ten customers, which included, amongst others, Bosch Limited, Eaton Industries Ireland Limited, Marelli Powertrain India Private Limited, Volvo Group India Private Limited, Danfoss, Safran Aircraft Engine, BorgWarner Cooling Systems India Private Limited, one material handling company, one power tool company, and Marshall Aerospace and Defense

Group for Fiscal 2021. For Fiscals 2019, 2020 and 2021, and the three month periods ended June 30, 2020 and June 30, 2021, our revenue from sale of goods and services to our top ten customers in that year/period amounted to ₹4,670.19 million, ₹4,603.93 million, ₹3,532.48 million, ₹428.73 million and ₹1,133.84 million, respectively, representing 86.67%, 84.01% 85.63%, 79.92% and 86.27% of our total income from sale of goods and services for the aforesaid financial periods.

Loss of all or a substantial portion of sales to any of our top ten customers for any reason, including, due to loss of contracts or failure to negotiate acceptable terms in contract renewal negotiations, limitation to meet any change in quality specification, change in technology, end of product life, loss of market share of these customers, lack of commercial success of key products that we manufacture, disputes with customers, adverse change in the financial condition of such customers, including due to possible bankruptcy or liquidation or other financial hardship, merger or decline in their sales, reduced or delayed customer requirements, plant shutdowns, labor strikes or other work stoppages affecting production by such customers, and/or, continued reduction of prices to these customers, could have an adverse impact on our business, results of operations, financial condition and cash flows.

While we continue to be associated with our top ten customers, we have, in the past, lost supply contracts for certain products that we supply to such customers on account of various reasons, including, changes in technology by our customers, lack of commercial success for our customers for the end goods, and loss of business of our customers.

These customers may demand price reductions, set off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by undertaking captive manufacturing, replace us with our competitors, or replace their existing products with alternative products which we do not supply. There can be no assurance that we will not lose all or a portion of sales to these customers, or that we will be able to offset any reduction of prices to these customers with reductions in our costs or by obtaining new customers.

Further, under our business contracts, our customers provide us with product specific sourcing confirmations, including specific part numbers, volume projections of their requirements for the specific products, and supply locations. As our orders are linked to specific products and are not generally interchangeable with other products, the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular product, for which we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could in turn have an adverse effect on our business and results of operations.

4. Our Company does not have firm commitments with customers. Our incremental business pipeline may not be indicative of our future growth rate or new business orders we will receive in the future. Further, we may not realize all of the revenue expected from our incremental business pipeline.

Our revenues, including realization of future sales from awarded business or obtaining new business or customers, is inherently subject to a number of risks and uncertainties, including the accuracy of customer estimates relating to the number of vehicles, aircrafts, off-highway vehicles, machines, capital goods and other end goods to be produced and sold and the timing of such production. Typically, we participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a request for information or request for quote for securing business. However, there is no assurance in relation to the sales volumes and revenue that the customer’s business will eventually generate for us. Further, our customers may delay or cancel an assignment that have been awarded to us due to various reasons.

Since we do not have firm commitments under our supply agreements with our customers, and instead rely on letters of intent, purchase orders, statements of work and customer schedules to estimate the volume and other terms of sale and supply of our manufactured products, which may be amended or cancelled prior to finalization, we may not have any recourse in the event of an unexpected delay or cancellation of an assignment. For example, due to the COVID-19 induced travel restrictions, various assignment pertaining to our aerospace business have been delayed. Our revenue from sale of goods and services from aerospace business, as per Ind AS 108, has decreased by 70.76% to ₹423.31 million for Fiscal 2021 from ₹1,447.53 million for Fiscal 2020.

Our revenues are dependent, in part, on volume projections given to us by our customers. Under the letter of intent, purchase orders, and delivery schedules, our customers provide us only with forecast volume for the program and there is no commitment on the part of the customer to purchase the quantities specified in the volume projections. Such volume projections are based on a number of economic and business factors, variables and assumption, some or all of which may change or may not be accurate. Accordingly, the volume projections by our customers are not necessarily an accurate indication of our actual revenues from such orders will be, nor does it purport to project our results of operations, financial position or cash flows for any future period or date.

Further, our purchase orders with customers are either open-ended in terms of period and quantity to be supplied or scheduled based. Pursuant to the purchase orders, our customers provide assignment specific delivery schedules throughout the period of the assignment. Accordingly, there is no commitment on the part of the customer to continue to place new work orders with us and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences or the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle, machine or aircraft model or platform. Our customers may terminate their arrangements with us for cause or otherwise with notice, including on account of change of control of our Company, strikes or lock-outs at the premises of our suppliers and non-compliance with contractual obligations such as stringent standards for product quality and quantity as well as delivery schedules, and in certain cases have no liability to pay or reimburse for lost profits, unabsorbed overhead, capital investment made by us, product development and engineering costs, facilities and equipment rental and other related costs such as penalties or administrative charges incurred directly or indirectly by our Company in connection with cancelled orders. In addition, we do not have exclusive contracts with some of our large customers, which entitles them to replace us with another supplier under certain circumstances. Accordingly, we may not in fact realize all of the future sales represented by our awarded business. Any failure to realize substantially all the revenue from these sales and our new and incremental business backlog, could have a material adverse impact on our business, cash flows, financial condition and results of operations.

We base our growth targets, in part, on volume projections given to us by our customers. Under the delivery schedules and purchase orders, our customers provide us only with forecast volume for the program and there is no commitment on the part of the customer to purchase the quantities specified in the volume projections. Such volume projections are based on a number of economic and business factors, variables and assumption, some or all of which may change or may not be accurate. Accordingly, our business pipeline and growth targets are not necessarily an accurate indication of what our actual sales and revenues from such orders will be, nor does it purport to project our results of operations, financial position or cash flows for any future period or date. Accordingly, we may not be able to realize all of the future sales represented by our business pipeline and this could have a material adverse effect on our business, cash flows, financial condition and results of operations. For further details, please see "*Our Business – Business Pipeline*" on page 252.

5. Development of our products involves a lengthy and expensive process with uncertain timelines and uncertain outcomes. The failure to develop new or improved products or process improvements or production techniques could subject us to write-offs or otherwise adversely affect our business, financial condition and results of operations and have a negative impact on our competitive position.

Our future growth depends on our ability to continue to develop and commercialize innovative, viable and sustainable new products in a timely and cost-effective manner, improve our existing products, or to develop process improvements that can improve time, quality and cost efficiency. The development and commercialization of new products is complex, time-consuming and costly, and its outcome is inherently uncertain. For example, some of the industries we supply to, including automotive industry, are characterized by rapid and frequent advancements in technology and changes in market demand can often render existing technologies and equipment obsolete and could require substantial new capital expenditures or subject us to write-offs. We also develop flexible special purpose machines ("**FSPM**") to manufacture certain families of products, which have less fungibility compared to general purpose machines. The loss of business for a product family for which we have developed such FSPMs, could render such FSPMs redundant, resulting in non-realisation of anticipated revenue from the capital expenditure involved.

Due to the long lead times associated with development for many of the products, as well as the competitive advantage that can come from being the initial developer of a new products, it is important that we maintain a sufficiently large portfolio of products and a product pipeline and manage their development processes so as to bring our products to market on a timely basis. The introduction of new products in our product portfolio is a complex process, the success of which depends on a wide range of factors, including the production readiness of our manufacturing facilities and manufacturing processes and those of our suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors.

Production shortfalls or production delays, if any, or our inability to accurately estimate the cost to design, develop and launch new products could result in our failure to effectively manage our manufacturing costs relating to these product program launches. If we are unable to bring enough products to market, or if products are brought to market after competing products are commercialized, our growth strategy may not be successful and our business would be adversely affected.

6. We may not be successful in implementing our growth strategies.

The success of our business depends on our ability to effectively implement our business growth strategies. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers. Please see "*Our Business - Strategies*" on page 246, for further details in relation to our growth strategies.

We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls. We may not be successful in implementing our growth strategies due to various factors, including failure to adapt to rapidly evolving technological changes, changing customer preferences, change in business and spending plans of our customers, anticipate and accurately assess potential growth opportunities and new markets and effectively allocate resources and capital investment in a timely and cost-effective manner to capitalize on such opportunities, attract new customers, obtain sufficient financing for our expected capital expenditures, control input costs, effectively manage our internal supply chain, manufacturing processes and operations and costs related to R&D and maintain sufficient operational and financial controls. Our inability to effectively manage the expansion of our business and execute our strategies effectively, could adversely affect our business, results of operations and financial condition.

7. If we are unable to anticipate, identify, understand and respond timely to rapidly evolving technological and market trends and preferences and develop new products to meet our customers' demands and to adapt to major changes and shifts in the automotive, hydraulics, industrials, agriculture, aerospace and defence markets, our business may be materially adversely affected.

The automotive, industrial, hydraulics, agriculture, aerospace and defence markets in which we operate are undergoing significant technological changes, with increasing focus on, among other things, electrification of vehicles and aircrafts, development of hybrid vehicles and advanced driver assistance technologies, power storage capacity and technological changes in Clean Powertrains. Our results of operations and financial condition are impacted, in part, by our competitive advantage in developing, engineering and manufacturing innovative and/or improved products. According to the CRISIL Report, personal air mobility in the form of multi-copter VTOL aircraft for urban transport is gaining a lot of attention from start-ups as well as incumbent aircraft majors. Silent / low noise electric aircraft or hybrids where more power or range is desired are being targeted for this application in the near future, while hydrogen could be a viable option in the long term. Whichever technology is finally adopted, all these efforts are to do with electric motors. While electric motors are a well-developed technology, battery power densities are a bottleneck for pure electric aircraft. Hence, these efforts will largely cater to the mid and lower end of the below-200-seater, medium-range commercial and general aviation aircraft. Currently, no technology is sufficiently advanced to replace gas turbine-powered long-distance aircraft due to the sheer power required to lift larger weights and fuel over long distances. However, efforts are being made to switch more electric power-driven equipment and reduce the fuel burnt to power non-propulsion-driven elements in MEA. This further enhances the prospects of aircraft electric systems. While many such electric and hybrid aircraft have been in the development and testing phase for at least a decade, only a few are commercially available so far. However, government regulations, carbon footprint impact assessments, pollution taxes, and increasing awareness of ESG (environment, social and governance) and ESG investing will drive future technological developments and availability of such aircraft. In view of growing concern regarding environmental issues, global economies and governments are taking steps to move towards cleaner fuel. OEMs are expected to focus on future technologies. Increasing shift towards cleaner technologies is likely to make incremental investments in ICE engine technology unviable for individual OEMs.

Our ability to anticipate changes in technology, successfully develop, engineer, and bring to market new and innovative and/or improved products, or successfully respond to evolving business models (including electric vehicle and aircraft advances), may have a significant impact on our market competitiveness. Maintaining our competitive position is dependent on our ability to develop commercially-viable products that support the future technologies adopted by our customers and meet our customers' demands in a timely manner. For example, due to a switch from Bharat Stage IV specification engines to Bharat Stage VI specification engines, the products which we manufactured for Bharat Stage IV became either obsolete or witnessed significant reduction in volume. Consequently, we approached new customers to develop and manufacture products for Bharat Stage VI engines. Further, we also supply to the legacy automotive industry, which will eventually phase out on account of changes and evolvements in global emission standards.

Unexpected advances in a given technology in the market or difficulties encountered in developing a new technology internally, could prevent us from seizing opportunities relating to technological breakthroughs and as a result could impact our competitive positioning, growth and profitability.

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 our systems and components to operate properly. If we are unable to maintain our competitive advantage through innovation or if we do not sustain our ability to meet customer requirements relative to technology, or acquire new and compelling products that capitalize upon new technologies in response to OEM and consumer preferences, our business, financial condition and results of operations could be materially and adversely affected.

8. Our business faces substantial competition from competitors

We compete globally with a number of other component manufacturers and distributors that produce and sell products similar to ours. Technology, price, design, quality, delivery, engineering development and product launch support are the primary elements of competition in our markets. Our competitors include manufacturing facilities controlled by OEMs, as well as many other independent domestic and foreign suppliers. As a result of competitive pressures and other industry trends, OEMs and suppliers are developing strategies to reduce costs. These strategies include supply base consolidation, OEM in-sourcing and global sourcing. Our OEM customers may change their outsourcing strategy due to various reasons, resulting in change in our position from a single source supplier for certain products to some customers to becoming a multiple source supplier for such customers. Some of our major OEM customers also manufacture products for their own uses that directly compete with our products.

Further, we rely on suppliers for various processes such as castings, forgings, and die-castings. Any upstream advances in terms of value added products by such suppliers, could result in them being our competition. We have in the past, lost certain business in our automotive and industrial business to our suppliers becoming competitors. Increased competition could adversely affect our business. In addition, any of our competitors may foresee the course of market development more accurately than we do, develop products that are superior to our products, produce similar products at a cost that is lower than our cost, or adapt more quickly than we do to new technologies or evolving customer requirements. As a result, our products may not be able to compete successfully with our competitors' products, and we may not be able to meet the growing demands of customers. If we misjudge the amount of capital to invest or are otherwise unable to continue providing products that meet our customers' needs in this environment of rapid technological change, our market competitiveness could be adversely affected.

9. Our Company and Promoters are involved in certain legal proceedings and potential litigation. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.

Our Company and Promoters are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to our Company and Promoters as on the date of this Draft Red Herring Prospectus have been provided below in accordance with the materiality policy adopted by our Board.

Type of Proceedings	**Number of cases**	**Amount* (₹ in million)**
Cases against our Company		
Criminal proceedings	-	-
Actions taken by statutory or regulatory authorities	1	-
Claims related to direct and indirect taxes	6	187.35
Other pending material litigation proceedings	-	-
Total	**7**	**187.35**
Cases by our Company		
Criminal proceedings	1	2.60
Other pending material proceedings	-	-
Total	**1**	**2.60**
Cases against our Promoters		
Criminal proceedings	-	-
Actions taken by statutory or regulatory authorities	-	-
Disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoter in the last five financial years.	-	-
Claims related to direct and indirect taxes	1	0.98
Other pending material litigation	-	-
Total	**1**	**0.98**

**To the extent quantifiable*

For details, see "*Outstanding Litigation and Material Developments*" on page 410.

We cannot assure you that these legal proceedings will be decided in favour of our Company, and our Promoters, as the case may be, or that no further liability will arise out of these proceedings. If any new developments arise, such as change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our Restated Consolidated Summary Statements that could increase our expenses and current liabilities. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may have an adverse effect on our results of operations and financial condition.

10. We have incurred losses in the past, which may adversely impact our business and the value of the Equity Shares.

We have incurred losses in the past three Fiscals and for the three month periods ended June 30, 2020 and June 30, 2021. Our losses for the aforesaid financial periods have been primarily on account of classification of CCPS as borrowings with fair value changes through profit and loss statement under Ind AS.

Our Company has issued Series A CCPS for an aggregate consideration of ₹240 million and Series B CCPS for an aggregate consideration of ₹250 million. For further details in relation to such issuance, please see "*Capital Structure*" on page 75. On account of the terms of the issuance, Series A CCPS and Series B CCPS have been classified as borrowings with fair value changes through profit and loss statement under Ind AS.

Our Company has valued the CCPS through a registered valuer on each balance sheet date and all the fair value increases, as per the requirements of Ind AS 109, have been disclosed under '*Other Expenses*' of the profit and loss statement in the Restated Summary Statements for each of the applicable Fiscal period. Our Company has classified the CCPS under borrowings in the balance sheet, as per the requirements of Ind AS 32, in the Restated Summary Statements for each of the applicable periods.

For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" page 367. If we continue to incur losses, our business and the value of the Equity Shares could be adversely affected.

11. We depend on third parties for the supply of raw material and delivery of certain products. A disruption in the supply of components and raw materials or failure of our suppliers to meet their obligations could impact our production and increase our costs.

We are dependent on third party suppliers for our raw materials and certain parts and processes used in the manufacturing of our products. Although we purchase most of the commodities used in our manufacturing process from more than one supplier, we typically source components and assemblies for certain products from a single supplier. Accordingly, we are exposed to the risk of inadequate capacity leading to temporary production allocation or disruption of supplies for such components and assemblies which are procured for a single supplier. There is no assurance that if we experience a disruption of supplies, we will be able to source such commodities from alternative suppliers on similar commercial terms and within a reasonable timeframe. For certain key critical processes such as titanium forging, die-casting, heat treatments required for manufacturing of our aerospace, defence and space, Clean Powertrain, hydraulics and industrial, agriculture and legacy products, we are dependent primarily on a limited number of suppliers which cannot be replaced easily. If the available supply of such parts is insufficient to meet the needs of our business or if there is an interruption in supply from our suppliers, including due to any unanticipated outage, shutdown and/or suspension of production at their facilities or implementation of laws and policies impacting our relationship with our suppliers, our ability to manufacture and sell our products could be limited due to such sudden shortage of parts in the market, which could result in order cancellations for our products, and have an adverse effect on our business and results of operations. For example, on account of COVID-19, some of our key casting suppliers had shut down their facilities and subsequently operated on reduced manpower, which resulted in production delays.

We select suppliers based on total value (including total landed price, quality, delivery, system and technology), taking into consideration their production capacities and financial condition and expect that they will deliver in accordance with our quality standards and comply with their contractual obligations with us. However, there can be no assurance that capacity limitations, industry shortages, labor or social unrest, weather emergencies, commercial disputes, government actions, riots, wars, sabotage, cyber-attacks, non-conforming parts, acts of terrorism, "Acts of God" such as fire, earthquake, floods, natural disasters, epidemics and other events beyond human control, financial or operational instability of suppliers or other problems that our suppliers experience will not result in occasional shortages or delays in their supply of components to us. We are also dependent upon the ability of our suppliers to meet performance and quality specifications and delivery schedules. The inability of a supplier to meet these requirements, the loss of a significant supplier, or any labor issues or work stoppages at a significant supplier could disrupt the supply of raw materials and parts to our facilities, preventing our Company from delivering to its customers, or cause returns of products under warranty or product recalls. For further details, please see "- *We are required to obtain and maintain quality and product certifications for certain customers as well as in respect of certain products that we manufacture. Further, we are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims"* on page 44. This would have a material adverse impact on our customer relations, reputation and business and also generate additional costs for our Company such as exceptional transportation costs and costs related to finding alternative suppliers within constrained timelines which could adversely impact our financial condition.

If we were to experience a significant or prolonged shortage of critical components from any of our suppliers and could not procure the raw materials or components from other sources, we would be unable to meet the production schedules for some of our key products and could miss customer delivery expectations. We cannot assure you that our suppliers will continue to supply the required components or raw materials to us or supply such raw materials and components at prices favorable to us. Any change in the supplying pattern of our raw materials can adversely affect our business, financial conditions, cash flows, and results of operations.

12. Our business, financial condition and results of operations could be adversely affected by volatility in the price or availability of raw materials and transportation costs.

Our Company uses a variety of raw materials (including titanium, ferrous, aluminium, cobalt and nickel) and materials purchased in various forms such as steel rounds, bar stocks, castings and forgings. There is no certainty that we may not experience volatility in the cost or availability of such raw materials as well as increasing transportation costs in the future.

In terms of our customer contracts, we can pass the increase in costs of raw materials on to our customers. 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. However, for certain customers, any price increase in the commodities price increases have to be borne by us. The discontinuation or lessening of our ability to pass through transportation or raw material costs or otherwise mitigate these cost increases or obtain adequate supply of raw materials, utilities and natural resources could adversely affect our business. From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve which may cause periodic supply interruptions. If these supply interruptions occur, our business, financial condition and results of operations could be adversely affected.

We also use third parties for the deliveries of finished and unfinished products from our manufacturing facilities and warehouses to our domestic and overseas customers as well as between production facilities. Transportation strikes have in the past and could in the future have an adverse effect on our supplies and deliveries to and from particular plants on a timely and cost efficient basis. Our carriage outwards cost for the Fiscals 2019, 2020, and 2021, and the three month periods ended June 30, 2020 and June 30, 2021 were ₹131.46 million, ₹122.16 million, ₹182.68 million, ₹11.49 million, and ₹61.23 million, which represented 2.35%, 2.14%, 4.27%, 2.06%, and 4.51% of our total revenue from operations for the aforesaid financial periods. An increase in freight costs or the unavailability of adequate port and shipping infrastructure for transportation of our products to our markets may have an adverse effect on our business and results of operations. Further, we are also exposed to risks associated with various modes of transportation. While delivery of components to customers within India is generally shipped by road, the majority of our shipments to the foreign markets are by sea and subject to risks, including damage or loss of containers due to shipwreck, mishandling of our shipment at port or at sea, damage during transportation, loading and unloading, damage due to moisture, accidental fires and bad weather conditions, theft at sea, delay in customs clearance and other factors beyond our control. Further, we undertake deliveries of certain aerospace products by air. Our delivery schedules could also be affected by price escalation in freight.

The occurrence of all or any of the above factors will result in delays in deliveries to our customers, which could further cause a shutdown in our customer's production processes and adversely affect our reputation, business and results of operations.

13. We rely on the skills and experience of our management team and other key personnel and the loss of any of these team members or the inability to attract and retain qualified personnel could have a material adverse effect on our business operations.

Our future success is significantly dependent upon the continued efforts and service of our management team as well as other key personnel. In an event of their retirement or departure from our Company, there is no assurance that we will be able to find suitable replacements for such key management personnel in a timely manner or at all and implement a smooth transition of responsibilities to any newly appointed management personnel. This could affect our operations resulting in a decline in the performance of our business.

Our future success will depend upon, among other factors, our ability to continue to attract and retain qualified personnel, particularly engineers and other associates with critical expertise, know-how and skills that are capable of helping us develop our products. The scarcity of labor in certain employment areas makes it difficult to hire the employees needed to increase production. If we lose the services of any member of our key management or other skilled personnel, we may not be able to locate suitable or qualified replacements, which could adversely affect our business and growth.

Our rapid growth also requires us to continue to attract, hire and retain a wide range of qualified, experienced and skilled personnel at all levels of our business and operations who can adapt to a dynamic, competitive and challenging business environment. Competition for skilled personnel in our industry is intense, and we may need to offer a more attractive compensation and other benefits package, including share-based compensation, to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. For example, in Fiscals 2019, 2020 and 2021, our attrition rate was 31.68%, 41.67% and 43.92%, respectively. The loss of the services of our executive officers or other key associates, unexpected turnover, or the failure to attract, retain or motivate key management and experienced, skilled and capable personnel could impact the progress of our product innovation, development, launch and production operations and have a material adverse effect on our results of operations and financial condition.

14. Pricing pressure from customers may affect our gross margin, profitability and ability to increase our prices, which in turn may materially adversely affect our business, results of operations and financial condition.

We face pricing pressures from our customers. Pricing pressures typically result in price reductions and cost-cutting measures which lead to an erosion of our profit margins. Estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. Our customers also negotiate for larger discounts in price as the volumes of their orders increase. We have, in the past, provided price reductions and discounts to customers to remain competitive. For example, we have in the past offered price reductions when there has been an increase in volume of purchases by certain customers, as well as for certain products such as release sleeves.

If we are unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, results of operations and financial condition may be materially adversely affected.

In addition, substantially all of our products are customized to specific customer requirements, which requires us to incur significant costs in setting up our capabilities to manufacture these products, which may or may not be fully recovered from the customers. As these products are customised to customer specifications, we may not be able to find alternative purchasers for such products, in case there is any discontinuation in procurement from existing customers.

There can be no assurance that we will be able to avoid future customer price reductions or offset the impact of any such price reductions through continued technology improvements, improved operational efficiencies, cost-effective sourcing alternatives, new manufacturing processes, cost reductions or other productivity initiatives, which may adversely affect our business, financial condition and results of operations.

15. We are exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations.

Due to the nature of, and the inherent risks in, the agreements and arrangements with our customers, we are subject to counterparty credit risk and a significant delay in receiving large payments or non-receipt of large payments may adversely impact our results of operations. Our operations involve extending credit to our customers in respect of sale of our products and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. Typically, our credit period ranges from 30 days to 120 days. There is no assurance that we will accurately assess the creditworthiness of our customers. For Fiscal Years 2019, 2020 and 2021, and the three month period ended June 30, 2020 and June 30, 2021, our trade receivables were ₹1,101.07 million, ₹1,151.98 million, ₹1,127.50 million, ₹735.24 million and ₹1,083.96 million, respectively, which constituted 19.65%, 20.18%, 26.38%, 131.73%, and 79.91% of our revenue from operations for the respective periods. Further, 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, insolvency or bankruptcy. 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. If our customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

16. Our business is subject to costs, risks and uncertainties, including those associated with laws and regulations in domestic and foreign jurisdictions in which we operate, tariffs and trade relations and international political conditions. Breach of applicable laws and regulations, including those related to environmental, health and safety regulations could adversely affect our business, operations and reputation.

The markets and customers we serve are subject to substantial government regulations, which often differ by state, region and country.

Our operations are subject to various domestic and foreign laws and regulations governing, among other things, noise control, emissions to air, discharge to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials, environmental concerns (including concerns about global climate change and its impact such as greenhouse gas emissions), fuel economy standards, health and safety of employees, labor and accounting laws, foreign trade and investment, import and export license requirements and tariffs and taxes and intellectual property enforcement issues. We are also required to obtain and comply with environmental permits for certain of our operations. For instance, we require approvals under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 in order to establish and operate our manufacturing facilities in India. For details on the regulations and policies applicable to our Company, please see "*Key Regulations and Policies in India*" on page 265. These government regulatory requirements could also significantly affect our customers by altering their global product development plans and substantially increasing their costs, which could result in limitations on the types of vehicles/products they sell and the geographical markets they serve. Any of these outcomes could adversely affect our financial condition and results of operations.

There can be no assurance that we will be in complete compliance at all times with such laws, regulations and the terms and conditions of any consents or permits. If we violate or fail to comply adequately with these requirements, we could be fined or otherwise sanctioned by the relevant regulators or our operations may be temporarily shut-down pending such compliance. Occurrence of any such events could adversely affect our business, reputation, financial condition or results of operations. In addition, these requirements may become more stringent over time and there can be no assurance that we will not incur significant costs or liabilities in the future in order to comply with evolving laws and regulations, including environmental, health and safety laws, regulations or other pertinent requirements that may be adopted or imposed in the future by governmental authorities. We do not carry any insurance to cover environmental liabilities in India and in the foreign jurisdictions where we operate.

Our overseas business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies, including renegotiated trade agreements, import and export license requirements, and imposition of tariffs that make unjustified, unreasonable or discriminatory trade actions impacting the countries in which we have a presence. There is no assurance that cost increases resulting from trade policies and tariffs will not adversely impact our profitability. Our sales may also be adversely impacted if tariffs are assessed directly on the products we produce or on our customers' products containing content sourced from us. In addition, political activities within the countries where we conduct business, could also adversely impact our ability to operate in those countries.

If we are unable to comply with any applicable domestic or foreign laws, our business, results of operations and financial condition could be adversely affected. Further, changes in domestic and foreign laws, regulations and policies, including restrictions on trade, import and export license 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 manner in which we manage our business in the countries in which we operate.

17. The geographical concentration of our manufacturing facilities may restrict our operations and adversely affect our business and financial conditions.

The table below sets forth the details of our manufacturing facilities. For further details, see "*Our Business – Our operations – Immovable Property*" on page 262.

Manufacturing facility	Address	Owned / leased	Expiry date of lease
Automotive & Industrial -	B-59, 2nd Cross, 1st Stage, Peenya	Owned	N.A.

Manufacturing facility	Address	Owned / leased	Expiry date of lease
Peenya	Industrial Area, Tumkur Road, Bangalaore-560058		
Automotive & Industrial – Peenya	B-165, 3rd Cross, 1st Stage, Peenya Industrial Area, Tumkur Road, Bangalaore-560058	Owned	N.A.
Automotive & Industrial Bommasandra	5A, Bommasandra Industrial Area, Bangalore-562158	Owned	N.A.
Aerospace & Defence-Bommasandra	122 C, Bommasandra Industrial Area, Bangalore-562158	Owned	N.A.
Automotive & Industrial – Peenya	No. SB-163, 3rd Cross, 1st stage, Peenya Industrial Estate, Bangalore - 58	Leased	March 31, 2022
Automotive & Industrial-Peenya	C-217, 4th cross, 1st stage, Peenya Industrial Estate, Bangalore -58	Leased	November 30, 2022
Filters - Nelmangala	169, Nelamangala, Bangalore	Leased	April 30, 2023
Automotive & Industrial–Bommasandra	No. 77, Jigani Link Road, Jigani	Leased	May 31, 2024
Automotive & Industrial – Bommasandra	No. 108, Jigani Link Road, Jigani	Leased	December 31, 2021
Aerospace & Defence-Bommasandra	122 A, 122 D, 122 E, Bommasandra Industrial Area, Bangalore-562158	Leased	March 31, 2022* and November 30, 2028**
Automotive & Industrial – Peenya	16-B, Phase-1, Peenya Industrial Area, Bangalore-560058	Leased	October 31, 2027

**For 122 D and 122 E.*
*** For 122 A.*

Due to the geographic concentration of our manufacturing plants in Bangalore, India, our operations are susceptible to local and regional factors, such as accidents, system failures, civil unrest as well as other adverse social, economic and political events in India, weather conditions, natural disasters, regional conflicts and demographic and population changes, and other unforeseen events and circumstances.

18. ***We do not own the registered trademark MAINI PRECISION PRODUCTS Value delivered. Always. Our intellectual property rights may not be adequately protected against third party infringement. Further, any failure to keep our technical knowledge confidential could have impact on our business and in turn on results of operation or financial condition and cash flows.***

We do not have any registered trademarks. Our Company has entered into a trademark license agreement dated July 15, 2015 ("**License Agreement**") with Maini Industrial Consultants ("**MIC**"), a proprietorship concern represented by its proprietor. In terms of the License Agreement, our Company has been provided with the license to use the trade name, trademark and logo associated with the "Maini" and "Maini Precision Products" brand name and logo, which are owned by MIC, in consideration for a license fee of ₹ 0.10 million per annum. The License Agreement is valid in perpetuity unless terminated by either our Company or MIC in terms of the License Agreement. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of these trademarks and our other intellectual property rights. We may not be able to protect our intellectual property rights against third party infringement and any unauthorized use of our intellectual property including our brand on products which are not manufactured by us and which are of inferior quality, and which may adversely affect our brand value and consequently our business. The use of trade names or trademarks by third parties which are similar to our trade names or trademarks may result in confusion among customers and loss of business. Further, entities in India could pass off their own products as ours, including counterfeit or pirated products

Our process knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. Some of our process knowledge is protected only by secrecy. As a result, we cannot be certain that our process knowledge will remain confidential in the long run. Certain proprietary knowledge may be leaked, either inadvertently or wilfully. A significant number of our employees have access to confidential customer design and process knowledge of the products information and there can be no assurance that this information will remain confidential. Further, our contracts with our customers also contain confidentiality obligations, which may be liable to be breached. Moreover, certain of our employees may leave us and join our various competitors or form a competing business. Although we may seek to enforce non-disclosure agreements in respect of R&D and certain other key employees, we cannot guarantee that we will be able to successfully enforce such agreements. We also enter into non-disclosure and non-solicitation agreements with our customers but we cannot assure you that such agreements will be enforceable or successful in protecting our technical knowledge. The potential damage from such disclosure is increased as many of our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages. In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the precision products sector could be harmed. If a competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

19. Exchange rate fluctuations may adversely affect our results of operations.

Our financial statements are presented in Indian Rupees. However, our expenditure and revenue are influenced by the currencies that we export in as well as by currencies of countries from where we procure our raw materials and plant and machinery. For the year ended March 31, 2021 and as on the three months ended June 30, 2021, the revenue from operations from customers attributed to the Company's country of domicile i.e. India amounted to ₹ 1,443.10 million and ₹ 401.41 million, reflecting 33.77% and 29.59% of our revenue from operations , respectively, whereas the revenue from operations attributed to a group of foreign countries amounted to ₹2,830.53 million and ₹955.09 million, reflecting 66.23% and 70.41% of our revenue from operations, respectively during the same period.

The exchange rate between the Indian Rupee and these currencies has fluctuated in the past and our results of operations have been impacted by such fluctuations and may be impacted by such fluctuations in the future. Appreciation or depreciation of the Indian rupee against the U.S. Dollar and other foreign currencies may affect our results of operations.

20. We are required to obtain and maintain quality and product certifications for certain customers as well as in respect of certain products that we manufacture. Further, we are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims.

We supply to various global OEMs and other customers, and are subject to stringent requirements for product certifications. We are required to obtain globally recognized product certifications before some of our products can be delivered to our customers. In some countries, certain certifications for products with regard to specifications and quality standards are necessary or preferred in order for these products to be accepted by customers. As such, we are required to obtain and maintain the relevant certifications so that our customers are able to appropriately utilise the products that are manufactured by us, in their respective countries. If we are unable to meet or maintain the requirements needed to secure or renew such certifications, this could have a material adverse effect on our business, prospects and results of operations.

We are subject to strict quality standards imposed by our customers, applicable to our manufacturing processes. Failure by us or one of our component suppliers to achieve or maintain compliance with these requirements or quality standards may disrupt our ability to supply products sufficient to meet our customers’ demands until compliance is achieved. For example, we have had an instance of a product recall in 2017 due to cracks in certain products manufactured by us, aggregating to US$40,000,000, which was subsequently covered by insurance. The occurrence of any such events could expose us to warranty, product recall or field action and product liability claims. A recall claim could require us to review our entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to our business and have an adverse impact on our reputation and results of operations. Under the product warranties provided by us to certain key customers, we may be required to bear costs and expenses for the repair or replacement of these defective products. In addition, we may also be required to indemnify customers against losses occurring as a result of defective products and reimburse our customers for administrative, labor, material and other such costs. Such warranties may be enforced against us even in cases where the underlying sales contract has expired. In addition, costs and expenses associated with warranties, field actions, product recalls and product liability claims could have a material adverse impact on our results of operations and financial condition and may differ materially from the estimated liabilities that we have recorded in our financial statements.

While we maintain insurance for product liability and recall, the amount of insurance may not be adequate to cover all insured claims and liabilities in the future. The incurring of significant liabilities for which there is no, or insufficient, insurance coverage could adversely affect our business. Further, as a result of product liability legislation, civil claims may be brought against OEMs, where damages may have been caused by any faulty products that we produced. As a result, our OEM customers are entitled to claim indemnity from us under our agreements. We are currently and may in the future become subject to legal proceedings and commercial or contractual disputes incidental to our business. Although we believe that none of these matters are likely to have a material adverse effect on our results of operations or financial condition, there can be no assurance as to the ultimate outcome of any such legal proceeding or any future legal proceedings.

21. A failure of or disruption in our information technology infrastructure, including a disruption related to cybersecurity or non-compliance with data protection, privacy or information security related Indian or foreign laws, could adversely impact our business and operations.

We rely on the capacity, reliability and security of our IT systems and infrastructure in our operations. These include procurement, production, distribution, billing, reporting and consolidation software, as well as new product design and development. IT systems are vulnerable to disruptions, including those resulting from natural disasters, cyber-attacks or failures in third-party-provided services. Cybersecurity risks can include breaches of confidentiality, loss of integrity and/or availability of the data and/or transactions processed by the information systems (system malfunction, data theft, data destruction and loss of data integrity). These may result from external (denial of service, hacking, malware) or internal (tampering, breach of data confidentiality) threats.

A large-scale IT malfunction or interruption of one or more of our IT systems or cyber-attacks on our network could compromise the security of our systems and our ability to protect our networks and the confidentiality of sensitive data which may lead to tempering with or theft of our design drawings, proprietary design software, computer simulation software, testing software and other trade secrets, information relating to our intellectual property or business strategy, and data of third parties, including our employees and customers, resulting in production downtimes, lost revenues, inappropriate disbursement of funds and both internal and external supply shortages. Some cyber-attacks depend on human error or manipulation, including phishing attacks or schemes that use social engineering to gain access to systems or carry out disbursement of funds or other frauds, which raise the risks from such events and the costs associated with protecting against such attacks. In addition, we may be required to incur significant costs to protect against damage caused by such attacks or disruptions in the future or failure by us to comply with Indian or foreign laws and regulations, including laws and regulations regulating privacy, data protection or information security. These consequently could cause significant damage to our reputation, disruption of our operations, result in a loss or damage to our data or an inappropriate disclosure of confidential information, affect our relationships with our customers, suppliers and employees, lead to legal claims, proceedings or actions against our Company, liability or regulatory penalties under Indian or foreign laws protecting the privacy of personal information and ultimately adversely affect our business.

Although we have implemented security policies, processes, and layers of defence designed to help identify and protect our systems and data from current and emerging technology threats and damage from intentional and unintentional misappropriation or corruption of our systems and information due to computer viruses, unauthorized access, cyber-attack and other similar disruptions, we have been, and likely will continue to be, subjected to such attacks or disruptions. There is no assurance that the security measures we have in place will be successful or sufficient to protect our IT systems and data. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT and/or ERP systems may lead to inefficiency or disruption of IT system thereby adversely affecting our ability to operate efficiently.

22. Any misappropriation or infringement of intellectual property rights of others could harm our business.

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 licenses 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 license, modify our existing technology or cease the use of such technology and design a new non infringing technology. Such licenses or design modifications can be extremely costly. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, results of operations and financial condition.

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

23. Our continued operations are critical to our business and any shutdown of our manufacturing facilities or other manufacturing or production problems caused by unforeseen events may reduce sales and adversely affect our business, cash flows, results of operations and financial condition.

Our manufacturing facilities are subject to operating risks and we may encounter manufacturing problems or experience difficulties or delays in production as a result of occurrence of the following events or any other events beyond our control:

- forced or voluntary closure of manufacturing plants, including as a result of regulatory inspections
- problems with supply chain continuity, including as a result of natural or man-made disasters at one of our facilities or at a suppliers or vendors' facility;
- manufacturing shutdowns, breakdown or failure of equipment performance below expected levels of efficiency, obsolescence of our equipment and production facilities, industrial accidents and the need to comply with the directives of relevant government authorities;
- labor disputes, strikes, lock-outs that may result in temporary shutdowns or manufacturing disruptions;
- failure of a supplier to provide us with the critical raw materials or components for an extended period of time, which could impact continuous supply; and
- changes in political relationships between India and the countries in which we have set-up third party warehouses, impacting our facilities where we operate; and
- trade union disputes, and local political tensions.

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. In addition, certain of our customers may impose significant penalties on us for any stoppage in any assembly line, caused either by delayed delivery of a component or a defect in the components delivered. Our business and financial results may be adversely affected by any disruption of operations at our manufacturing facilities, including as a result of any of the factors mentioned above, resulting in reduced production and reduced sales. This may also lead to loss of business and/or loss of customer which could impact our business adversely.

24. We have significant power, fuel and water requirements and any disruption to power or water sources could increase our production costs and adversely affect our results of operations.

We require substantial power, fuel and water for our manufacturing facilities, and energy expenses represent a significant portion of the production costs for our operations. For Fiscal Years 2019, 2020 and 2021, the three months period ended June 2020 and the three month period ended June 30, 2021, our power, fuel and water expenses were ₹152.87 million, ₹155.24 million, ₹130.17 million, ₹20.69 million and ₹37.92 million, constituting 2.66%, 2.66%, 2.98%, 3.43% and 2.75%, respectively, of our total income. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline.

We purchase utilities for our operations from the local utility companies and state electricity boards. The cost of electricity from state electricity boards could be significantly higher, thereby adversely affecting our cost of production and profitability. Interruptions of electricity supply can result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline.

25. We regularly work with hazardous materials and activities in our operation can be dangerous, which could cause injuries to people or property.

Our operations are subject to operating risks associated with component manufacturing, including related to handling and storage of raw materials used in our manufacturing processes. Certain operations at our manufacturing facilities, including fixture loading on machines, laser marking during CNC machining, welding can cause accidents during the manufacturing process resulting in serious injuries or death of employees or other persons, if improperly handled, and cause damage to our properties and the properties of others. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

- explosions;
- fires;
- mechanical failures and other operational problems;
- inclement weather and natural disasters;
- discharges or releases of hazardous substances, chemicals or gases; and

- other environmental risks.

The occurrence of any of these hazards could result in a suspension of operations and the imposition of civil or criminal liabilities. We may also face claims and litigation, in India or overseas, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

26. Any disruption to the steady and regular supply of workforce for our operations, including due to strikes, work stoppages or increased wage demands by our workforce or any other kind of disputes with our workforce or our inability to control the composition and cost of our workforce could adversely affect our business, cash flows and results of operations.

As on June 30, 2021, we had 2,493 employees, of whom around 675 persons are skilled and technically qualified trade union employees. We may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations. Our employees and workers form part of three trade unions, with whom we have wage settlement agreements (which are periodically renewed). There is no assurance that such wage settlement agreements will be renewed on favourable terms, or at all.

While we consider our relationship with our employees to be good, we could experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to perform our business operations. For example, in 2021, we suspended certain workers due to disciplinary issues in terms of their attendance and behaviour at our manufacturing facilities.

Our Company also appoints independent contractors who in turn engage on-site contract labor for performance of certain of our ancillary operations in India. Although we do not engage these laborers directly, it is possible under Indian law that we may be held responsible for wage payments to laborers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our results of operations. Furthermore, pursuant to the provisions of the Contract Labor (Regulation and Abolition) Act, 1970, we may be directed to absorb some of these contract laborers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business, cash flows and results of operations.

Further, work stoppages due to strikes or other events could result in slowdowns or closures of our operations which could have an adverse effect on our business, cash flows and results of operations. There is no assurance that we may not experience any such events in the future. Work stoppages or slow-downs experienced due to labor unrest or strike could have an adverse effect on our business, results of operations and financial condition.

27. Our Promoters and members of our Promoter Group will continue to hold a significant equity stake in our Company after the Offer and their interests may differ from those of the other shareholders.

Upon completion of the Offer, our Promoters and members of our Promoter Group will collectively hold [●]% of our paid-up Equity Share capital. For details of their current shareholding, see "*Capital Structure*" on page 75. Our Promoters and members of our Promoter Group will therefore have the ability to influence our operations significantly. This will include the ability to appoint Directors to our Board and the right to approve significant actions at Board and at shareholders' meetings including issue of Equity Shares, payment of dividends, determining business plans and mergers and acquisitions strategies. Further, if, in the future, our Promoters and members of our Promoter Group are unwilling to dilute their equity stake in our Company and do not, or are unable to, fund us, our growth may be affected. In addition, the trading price of the Equity Shares could be materially adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in the hands of our Promoters. Certain of our Promoters and their affiliates engage in a broad spectrum of activities, including investments in the auto components industry.

28. Our Company was incorporated in 1973 and some of our corporate records, regulatory filings, including those relating to certain allotments of our equity shares, and transfer of our equity shares undertaken by our Promoter, and change in our registered office, in the past, are not traceable.

We have been able to trace certain corporate records, secretarial records, regulatory filings, and payment acknowledgment with respect to regulatory filings, including the form filings made by the Company in relation to certain allotments of equity shares of our Company and share transfer forms involving our Promoters are not traceable. We may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions. For instance, we have been unable to trace the regulatory filing for return on allotment in relation to allotment of equity shares by our Company on March 4, 1974, April 21, 1975 and May 23, 2007, bonus issuance of equity shares by our Company on July 4, 1986 and January 16, 1989 and for rights issuance of equity shares on February 22, 2008. Further, we have been unable to trace the shareholders resolution for bonus issuances by our Company on January 16, 1989, November 5, 1999 and March 4, 2003. We have also been unable to trace the share transfer forms for share transfer on September 1, 1981, and have accordingly relied on the share transfer register and board resolution for such share transfer. Further, we are unable to trace the regulatory form filings for change in our registered office on April 1, 1974 and January 1, 1975, January 23, 2008, September 4, 2012 and October 31, 2012 and we have accordingly relied on board and shareholders resolution. We have been unable to trace these documents despite conducting a search at the Registrar of Companies through a practicing company secretary (as certified by Venkatesh Prasad S, Practicing Company Secretary by way of his certificate dated December 13, 2021) and may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions. For details, see "*Capital Structure*" and "*History and Certain Corporate Matters*" on page 75 and 270.

We cannot assure you that the information gathered, including through other alternative independent sources and available documents is accurate. While no legal proceedings or regulatory action has been initiated against our Company in relation to the unavailable filings and statutory lapses as of the date of this Draft Red Herring Prospectus, we cannot assure you that such proceedings or regulatory actions in relation to the missing filings and corporate records will not be initiated against our Company in the future. The actual amount of the penalty which may be imposed or loss which may be suffered by our Company cannot be ascertained at this stage and depends on the circumstances of any potential action which may be brought against our Company. We cannot assure you that any such proceedings will not have an adverse effect on our financial condition, cash flows or reputation.

29. Our Statutory Auditors' report on our financial statements included certain emphasis of matters. Further, the reports on Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") include certain modifications.

Our Statutory Auditors' report on our financial statements for the Fiscals 2020 and 2021, and the three-month periods ended June 30, 2020 and June 30, 2021 included certain Emphasis of Matter in relation to management assessment of impact of Covid-19 on the future business operations and future cash flows of our Company. While no adjustments or modifications have been made to the Restated Summary Statements, we will continue to closely monitor any material changes to future economic conditions, a definitive assessment of the impact of COVID-19 in the subsequent period is dependent upon the circumstances as they evolve.

Further, the reports on the CARO 2016 Order include certain modifications as regards the disputed statutory dues of the Company for Fiscals 2019, 2020 and 2021.

30. We require certain licenses, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect our operations.

We are required to obtain and maintain a number of statutory and regulatory licenses, permits and approvals, generally for carrying out our business and for each of our manufacturing facilities. For further details, see "*Government and Other Approvals*" on page 413. A majority of these approvals, including the consent to establish and operate under environmental laws, are granted for a limited duration and require renewal from time to time.

While we have applied for some of these approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be materially adversely affected.

Further, the licenses, permits and approvals required by us are subject to several conditions and we cannot assure you that we will be able to continuously meet such conditions, which may lead to cancellation, revocation or suspension of the relevant licenses, permits and approvals. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased compliance costs, be subject to penalties, have our licenses, approvals and permits revoked or suffer a disruption in our operations, any of which may materially adversely affect our business and results of operations.

31. The agreements governing our borrowings contain conditions and restrictions on our operations, additional financing and capital structure.

As at June 30, 2021, our Total Borrowings were ₹ 5,399.50 million. For further details, please see *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 367.

The table below sets forth the details of our borrowings for the periods/years indicated.

(*Amount in ₹ million*)

Category of Borrowing	As on June 30, 2021	As of June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019 (As Adjusted)
Total current borrowings (A)	2,083.60	1,555.08	1,952.81	1,698.38	1,719.10
Total Non-Current Borrowings (B)	3,315.90	2,994.95	3,283.34	3,048.48	2,544.57
Total Borrowings (A+B)	5,399.50	4,550.03	5,236.15	4,746.86	4,263.67

The financing agreements governing such facilities include conditions and restrictive covenants that require us to obtain consents, no-objections or waivers from lenders prior to carrying out specified activities or entering into certain transactions, including among other things, prepaying existing debt, declaring dividends, creating pledge over shares of our Company, amending our constitutional documents, changing our capital structure, shareholding pattern or management and selling, transferring, leasing or disposing our encumbered assets, entering into any borrowing arrangement (secured or unsecured basis) with any other bank/ financial institution. Additionally, under such financing agreements, we are also required to comply with certain financial covenants, such as maintaining prescribed financial ratios at all times.

Undertaking any of the above without the consent of our lenders or non-compliance with any of the covenants of our financing agreements could trigger an event of default which will entitle the respective lenders to enforce remedies under the terms of the financing agreements, that include, among other things, acceleration in repayment of the amounts outstanding under the financing agreements, declaring that all undisbursed portion of the sanctioned amount shall stand cancelled, enforcement of any security interest created under the financing agreements and taking possession of the assets given as security in respect of the financing agreements. Further, we cannot assure you that we will be able to obtain approvals to undertake any of these activities as and when required or to comply with such covenants or other covenants in the future. A default by us under the terms of any financing agreement in the future may also trigger a cross-default under some of our other financing agreements, or any other agreements or instruments of our containing cross-default provisions, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay its debts when they fall due. For details of our borrowings, see "*Financial Indebtedness*" on page 407.

As of the date of this Draft Red Herring Prospectus, 4,195,075 Equity Shares aggregating to 10.15% of the total pre-Offer share capital of our Company and 3,146,305 Equity Shares aggregating to 7.61% of the total pre-Offer share capital of our Company, held by Sandeep Kumar Maini have been pledged in favour Tata Capital Financial Services Limited and Aditya Birla Finance Limited ,respectively, to secure the working capital facilities, pursuant to the deed of pledge dated December 9, 2020 entered between Sandeep Kumar Maini and Tata Capital Financial Services Limited and deed of pledge dated March 15, 2021 entered into between Sandeep Kumar Maini and Aditya Birla Finance Limited. In case of any default by our Company, Tata Capital Financial Services or Aditya Birla Finance Limited may invoke the pledge. In the event of default, the aggregate shareholding of certain of our Promoters may be diluted and we may face certain impediments in taking decisions on certain key, strategic matters and our business, cash flows and prospects may be adversely affected.

32. We have substantial capital expenditure and working capital requirements and may require additional capital and financing in the future and our operations could be curtailed if we are unable to obtain required additional capital and financing when needed.

Our business is capital intensive. In Fiscal Years 2021, 2020 and 2019, the three month period ended June 30, 2020 and the three month period ended June 30, 2021, our cash flow towards capital expenditure (comprising of purchase of property, plant and equipment and intangible assets (including capital work in progress and intangible assets under development)) amounted to ₹71.45 million, ₹476.35 million, ₹1198.31 million, Nil and ₹28.20 million, respectively. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen events beyond our control such as the global lockdown due to the COVID-19 pandemic, 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 industries we operate.

In many cases, a significant amount of our working capital is required to finance the purchase of materials and the performance of designing, manufacturing and other work before payment is received from customers. Further, on account of our "global delivery model", we have significant working capital requirements due to the attendant delivery schedules and stocks required to be maintained at our third party warehouses, to ensure our JIT approach for customers. For further details, please see "*Our Business*" on page 238. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. Continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

We may need to raise additional capital from time to time, dependent on business requirements. While we do not anticipate seeking additional financing in the immediate future, any additional equity financing may result in dilution to the holders of the Equity Shares. Further, additional debt financing may impose affirmative and negative covenants that restrict our freedom to operate our business, including covenants that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- limit our flexibility in raising capital in the form of debt or equity;
- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- limit us from formulating any scheme of amalgamation or reconstruction, merger or demerger; and
- limit us from entering into borrowing arrangements with other banks or financial institutions.

We cannot guarantee that we will be able to obtain additional capital, including through financing on terms that are acceptable to us, or any financing at all, and the failure to obtain sufficient financing could adversely affect our business operations.

33. Our operating results may fluctuate due to seasonality.

Seasonal variations in business affect the results of our operation. For example, our customers in Europe have their yearly closure of factories for a period of two to four weeks between the months of July and August every year. Further, our exports customers have their yearly holidays during in the months of December and January on account of Christmas and new year celebrations. We experience lesser revenue from operations during these periods in comparison to other months. Given our high proportion of fixed cost obligations, these seasonal factors are likely to cause our results of operations to vary from quarter to quarter during a particular fiscal year.

34. Certain of our Directors and Key Managerial Personnel are interested in our Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Directors (including our Promoters) and Key Managerial Personnel are interested in our Company, in addition to the regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding (or dividend payable thereon) or the shareholding (or dividend payable thereon) of their relatives in our Company. For further information, see "*Our Promoters and Promoter Group – Interests of our Promoters – Interest in the Property of our Company*" on page 291. There can be no assurance that our Promoters and our Key Managerial Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details, see "*Capital Structure*" on page 75.

35. Our insurance may be insufficient to cover all losses associated with our business operations.

We maintain insurance policies with independent insurers in respect of our products, aviation cover buildings, employees, life insurances, equipment and certain inventories, marine sales turn over, mediclaim policy, general liability insurance, directors and officers' liability insurance, trade credit, public liability, general commercial liability, product recall liability insurance, covering losses due to fire, burglary and a range of natural disasters, as well as money insurance policy. As of the date of this Draft Red Herring Prospectus, we have 151.11% of insurance coverage of book value of all our fixed assets and inventories. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. There are many events, other than the ones covered in the insurance policies specified above, that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected. For further risks relating to the impact on our business due to inadequacy of insurance coverage for product liability, see "*Risk Factors – We are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims*" above.

36. If we fail to maintain an effective system of internal controls, we may not be able to successfully

manage, or accurately report, our financial risks.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls.

37. Certain sections of this Draft Red Herring Prospectus disclose information from the CRISIL Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.

Certain sections of this Draft Red Herring Prospectus include information based on, or derived from the CRISIL Report or extracts of the CRISIL Report. We commissioned and paid for the CRISIL Report for the purposes of confirming our understanding of the industry in connection with the Offer. Further, this report is prepared based on information as of specific dates and may no longer be current or reflect current trends. The CRISIL Report may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Offer pursuant to reliance on the information in this Draft Red Herring Prospectus based on, or derived from, the CRISIL Report. You should consult your own advisors and undertake an independent assessment of information in this Draft Red Herring Prospectus based on, or derived from, the CRISIL Report before making any investment decision regarding the Offer. See “*Industry Overview*” on page 106.

38. Employee misconduct could harm us and is difficult to detect and deter.

Although we closely monitor our employees, misconduct, including acts of theft and fraud by employees or executives, such acts could include binding us to transactions that exceed authorized limits or present unacceptable risks or they may hide unauthorized or unlawful activities from us, which may result in substantial financial losses and damage to our reputation and loss of business from our customers. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter employee or executive misconduct and the precautions taken and systems put in place to prevent and detect such activities may not be effective in all cases. Any instances of such misconduct could adversely affect our reputation.

39. We have contingent liabilities, which if they materialise, may adversely affect our financial condition, cash flows and results of operations.

As of June 30, 2021, we had ₹ 187.35 million of contingent liabilities (as per Ind AS 37). A summary table of our contingent liabilities as of June 30, 2021 is set forth below:

(₹ in million)

Particulars	As at June 30, 2021
Contingent Liabilities	
Contingent liability towards pending litigations related to disputed dues of:	
- Excise duty	111.72
- Service tax	24.85
- Income tax matters	50.78

For details, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Contingent Liabilities*” on page 403. Any or all of these contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities become materialised, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

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

The Offer includes an Offer for Sale by the Selling Shareholders. The Selling Shareholders will receive the entire proceeds from the Offer for Sale (after deducting applicable Offer Expenses) in proportion to their respective portion of their Offered Shares and our Company will not receive any part of such proceeds. For further details, see "*Objects of the Offer*" on page 88.

41. Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, Return on Net Worth, EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, Net Asset Value, Net Asset Value per Equity Share, PAT Margin, Adjusted PAT, Adjusted PAT Margin, EBIT, Adjusted EBIT, Capital Employed, Tangible Net Worth, ROCE, Adjusted ROCE, Adjusted Total Equity, Adjusted Total Borrowings, Total Borrowings / Total Equity and Total Non-Current Borrowings / Total Equity have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, Return on Net Worth, EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, Net Asset Value, Net Asset Value per Equity Share, PAT Margin, Adjusted PAT, Adjusted PAT Margin, EBIT, Adjusted EBIT, Capital Employed, Tangible Net Worth, ROCE, Adjusted ROCE, Adjusted Total Equity, Adjusted Total Borrowings, Total Borrowings / Total Equity and Total Non-Current Borrowings / Total Equity 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.

These Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

42. We have in the past entered into related party transactions and may continue to do so in the future.

We have entered into certain transactions with related parties. While we believe that all such transactions have been conducted on an arm's length basis and on commercially reasonable terms, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Further, it is likely that we may enter into related party transactions in the future. While in terms of the Companies Act, 2013 and the SEBI Listing Regulations, certain related party transactions require Audit Committee and shareholders' approval, there can be no assurance that such transactions in the future or any such future 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 favorable terms if such transactions had not been entered into with related parties. Additionally, any future transactions with our related parties could potentially involve conflicts of interest. For details of the related party transactions, see "*Related Party Transactions*" on page 366.

43. Information relating to our installed capacities and the historical capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary.

Information relating to our installed capacities and the historical capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. While we have obtained a certificate dated December 13, 2021 from M. S Balu, Chartered Engineer, (registered as a chartered engineer with the Institution of Engineers (India) with membership number M-117554/2) actual utilization rates may differ significantly from the estimated installed capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our installed capacity or historical estimated capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus.

44. Certain of our immovable properties, where some of our manufacturing units 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.

Some of our business operations are being conducted on premises leased from third parties. The tenure of the leases is generally agreed in the relevant lease agreements and in some cases are subject to renewal after the agreed period of time. The term of lease agreements for our manufacturing and assembly facilities ranges from 12 months to 120 months with restricted right to terminate the leases available with the lessors in majority of leases, subject to lock-in period and option of renewals in terms of the lease agreements available to the Company. While there are currently no instances of non-compliance of the terms of our lease agreements, there can be no assurance that there will be no such non-compliance leading to termination of such leases in the future. Any change in the terms and conditions of the lease agreements and any premature termination of such lease agreements may have an adverse impact on our operations. For details on location of properties, see "*Our Business – Immovable Properties"* on page 262.

Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreements, or any inability to renew such agreements on acceptable terms may also affect our operations. In addition, the terms of certain of our leases require us to obtain the lessor's prior consent for certain actions, including making structural alterations to the leased premises, which may be required if we were to undertake an expansion in the future. There can be no assurance that we will be able to renew these leasing arrangements at commercially favorable terms, or at all. If we are unable to renew all or any of our leasing arrangements, it may cause disruptions in our business and we may incur substantial costs associated with shifting to new premises, all of which may adversely affect our business operations.

45. Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.

We propose to utilize the Net Proceeds towards repayment / prepayment, in part or full, of all or certain borrowings of our Company and general corporate purposes. For further details of the proposed objects of the Offer, see "*Objects of the Offer*" beginning on page 88. However, these objects of the Offer have not been appraised by any bank, financial institution or other independent agency. Further, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of the competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus without obtaining the approval of shareholders of our Company through a special resolution. In the event of any such circumstances that require us to vary the disclosed utilization of the Net Proceeds, we may not be able to obtain the approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such approval of the shareholders of our Company may adversely affect our business or operations. Further, our Promoter or controlling shareholders, if applicable, would be required to provide an exit opportunity to the shareholders of our Company who do not agree with our proposal to modify the objects of the Offer, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoter or controlling shareholders, if applicable, to provide an exit opportunity to such dissenting shareholders of our Company may deter the Promoter or controlling shareholders from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoter or the controlling shareholders of our Company if applicable, will have adequate resources at their disposal at all times to enable them to provide an exit opportunity. In light of these factors, we may not be able to vary the objects of the Offer to use any unutilized proceeds of the Fresh Issue, if any, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, which may adversely affect our business and results of operations.

External Risks

46. Changing laws, rules and regulations in India could lead to new compliance requirements that are uncertain.

The regulatory and policy environment in which we operate is evolving and is subject to change. The government of India ("**GoI**") may implement new laws or other regulations and policies that could affect the automobile or manufacturing industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Any changes to such laws, may adversely affect our business, financial condition, results of operations, cash flows and prospects:

For instance, the Taxation Laws (Amendment) Act, 2019, a tax legislation issued by India's Ministry of Finance effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22.0% subject to compliance with conditions prescribed, from the erstwhile 25.0% or 30.0% depending upon the total turnover or gross receipt in the relevant period. Any such future amendments may affect other benefits received by us such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

The Finance Act, 2020 ("**Finance Act**"), has, amongst others things, notified changes provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("**DDT**"), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, the Government of India has announced the union budget for Fiscal 2022, pursuant to which the Finance Bill, 2021 ("**Finance Bill**"), has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021. We have not fully determined the impact of these recent and proposed laws and regulations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

47. A downgrade in credit ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign ratings from S&P is BBB- with a "stable" outlook in May 2021. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for reasons beyond our control such as, upon a change of government tax or fiscal policy. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

48. Political changes, natural disasters and other macroeconomic factors could adversely affect economic conditions in India

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally. Our Company is incorporated in India and the majority of its assets are located in India. We currently manufacture only in India and, as a result, are dependent on prevailing economic conditions in India. Our results of operations are significantly affected by factors influencing the Indian economy. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- epidemic, pandemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries, such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 pandemic;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend our operations;
- prevailing regional or global economic conditions, including in India's principal export markets;
- other significant regulatory or economic developments in or affecting India or its consumption sector;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

49. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe, China and certain emerging economies in Asia. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Further, economic developments globally can have a significant impact on India. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), the United Kingdom ratified a trade and cooperation agreement governing its future relationship with the European Union, which is being applied provisionally from January 1, 2021 until it is ratified by the European Parliament and the Council of the European Union. Significant political, regulatory and economic uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal, and more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European economies and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. In addition, China is one of India's major trading partners and there are rising concerns of a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. Risks resulting from a relapse in the Eurozone crisis or any future debt crisis in Europe or any similar crisis could have a detrimental impact on consumer confidence levels and global economic recovery. The sovereign rating downgrades for Brazil and Russia (and the imposition of sanctions on Russia) have also added to the growth risks for these markets. These factors may also result in a slowdown in India's export growth.

These developments, or the perception that any related developments could occur, have had and may continue to have a material adverse effect on global economic conditions and financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

50. If inflation rises in India, increased costs may result in a decline in profits.

Inflation rates in India have been volatile in recent years, and such volatility may continue. India has experienced high inflation in the recent past. Increasing inflation in India could cause a rise in the costs of rent, wages, raw materials and other expenses. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

51. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

52. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions.

For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 451. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, cash flows, results of operations and prospects.

Risks Related to the Offer

53. We cannot assure payment of dividends on the Equity Shares in the future.

While our declaration of dividends is at the discretion of our Board and subject to Shareholder approval as set out in the section titled "*Dividend Policy*" on page 296, the amount of future dividend payments by our Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Our Company may decide to retain all of its earnings to finance the development and expansion of its business and therefore, we may not declare dividends on the Equity Shares. Additionally, we may, in the future, be restricted by the terms of our loan agreements to make any dividend payments unless otherwise agreed with our lenders.

54. Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the Offer Price may not be indicative of the market price of the Equity Shares after the Offer and the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Offer Price or at all.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. Any of these factors may result in large and sudden changes in the volume and trading price of the Equity Shares. Consequently, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.

There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share price could fluctuate significantly because of market volatility. A decrease in the market price of our Equity Shares could cause investors to lose some or all of their investment.

55. Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are 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 equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long-term capital gains tax in India. Until March 31, 2018, any gain realized on the sale of equity shares, listed on a stock exchange and held for more than 12 months was not subject to capital gains tax in India if STT was paid on the transaction. However, with the enactment of the Finance Act, 2018 the exemption previously granted in respect of payment of long-term capital gains tax has been withdrawn and such taxes are now payable by the investors with effect from April 1, 2018. The Finance Act, 2018 provides that existing investors are eligible for relief on such capital gains accrued until January 31, 2018 and any long-term capital gains made after January 31, 2018 shall be subject to taxation.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our Company's business and operations.

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. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly 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.
Historically, 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.

Further, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

56. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

57. 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. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed including Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

58. Investors may have difficulty in enforcing foreign judgments against our Company or our management.

Our Company is a limited liability company incorporated under the laws of India. The majority of our directors and executive officers are residents of India. A substantial portion of our Company's assets and the assets of our Directors and executive officers resident in India are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against our Company or such parties outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore, UAE, and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favor 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 United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

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

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

60. Any future issuance of Equity Shares or convertible securities or other equity linked securities by our Company may dilute your shareholding and sales of the Equity Shares by our major shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares or securities linked to the Equity Shares by our Company, including issuance of Equity Shares to employees or former employees upon exercise of vested options held by them under ESOP 2021, may dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise funds through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that our existing Shareholders including our Promoters will not dispose of further Equity Shares after the completion of the Offer (subject to compliance with the lock-in provisions under the SEBI ICDR Regulations) or pledge or encumber their Equity Shares

The disposal of Equity Shares by any of our Promoters or Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in "*Capital Structure*" on page 75, we cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

Any future issuances could also dilute the value of shareholder's investment in the Equity Shares and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the Offer Price. We may also issue convertible debt securities to finance our future growth or fund our business activities. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

61. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations.

62. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

SECTION III – INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer of Equity Shares(1)	Up to [●] Equity Shares, aggregating up to ₹ [●] million
***of which*:**	
Fresh Issue (1) (6)	Up to [●] Equity Shares, aggregating up to ₹ 1,500 million
Offer for Sale (2)	Up to 25,481,705 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders comprising an offer for sale of up to 6,020,765 Equity Shares aggregating up to ₹ [●] million by the Promoter Selling Shareholders, up to 645,865 Equity Shares aggregating up to ₹ [●] million by the Individual Selling Shareholders, up to 513,390 Equity Shares aggregating up to ₹ [●] million by the Other Selling Shareholder and up to 18,301,685 Equity Shares* aggregating up to ₹ [●] million by the Investor Selling Shareholders
The Offer comprises of:	
A) QIB Portion (3)(4)	Not less than [●] Equity Shares
***of which*:**	
(i) **Anchor Investor Portion**	Up to [●] Equity Shares
(ii) **Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)**	[●] Equity Shares
of which:	
(a) **Available for allocation to Mutual Funds only (5% of the Net QIB Portion)**	[●] Equity Shares
(b) **Balance for all QIBs including Mutual Funds**	[●] Equity Shares
B) Non-Institutional Portion	Not more than [●] Equity Shares
C) Retail Portion (5)	Not more than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as at the date of this Draft Red Herring Prospectus)	41,314,855 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 88 for information on the use of proceeds arising from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

**Includes 5,768,018 Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited, which shall be converted up to a maximum of 4,286,880 Equity Shares and 18,856,982 Series A CCPS and Series B CCPS held by Paragon Partners Growth Fund – I, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

(1) The Offer has been authorized by a resolution of our Board dated December 6, 2021 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated December 6, 2021.

(2) The Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale as part of the Offer in terms of the SEBI ICDR Regulations. Each of the Selling Shareholders have, severally and not jointly, approved the transfer of their respective portion of the Offered Shares as set out below:

Name of Selling Shareholder	Number of Offered Shares	Date of consent letter	Date of authorisation
Paragon Partners Growth Fund – I*	Up to 14,014,805	November 24, 2021	October 12, 2021
NewQuest Asia Investments II Limited**	Up to 4,286,880	December 2, 2021	December 2, 2021
Amit Giriraj Mohatta	Up to 242,380	December 13, 2021	NA
Sandeep Kumar Maini	Up to 3,986,895	December 13, 2021	NA
Gautam Maini	Up to 1,016,935	December 13, 2021	NA
Chetan Kumar Maini	Up to 1,016,935	December 13, 2021	NA
Vippen Sareen	Up to 131,640	December 13, 2021	NA
Arun Rajagopalan	Up to 271,845	December 13, 2021	NA

Name of Selling Shareholder	Number of Offered Shares	Date of consent letter	Date of authorisation
One – Up Financial Consultants Private Limited	Up to 513,390	December 13, 2021	September 14, 2021

** Includes 5,768,018 Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited, which shall be converted up to a maximum of 4,286,880 Equity Shares and 18,856,982 Series A CCPS and Series B CCPS held by Paragon Partners Growth Fund – I, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

For further details, see "Other Regulatory and Statutory Disclosures" on page 415.

(3) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. 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 in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion 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. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. For further details, see "Offer Procedure" on page 434.

(4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, Allotment shall first be made towards the Fresh Issue. As required under Rule 19 (2)(b) of the SCRR and 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the sale of Offered Shares being offered by the Investor Selling Shareholders in the Offer for Sale in proportion to the Equity Shares being offered by them in Offer, followed by (ii) sale of Offered Shares being offered by the Promoter Selling Shareholders, Individual Selling Shareholders and Other Selling Shareholder; and (iii) the issuance of balance part of the Fresh Issue.

(5) Allocation to Bidders in all categories, except Anchor Investors, if any and Retail Individual Bidders, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For further details, see "Offer Procedure" on page 434.

For further details, including in relation to grounds for rejection of Bids, refer to "*Offer Structure* "and "*Offer Procedure*" on pages 431 and 434, respectively. For further details of the terms of the Offer, see "*Terms of the Offer*" on page 425.

SUMMARY OF FINANCIAL INFORMATION

Restated Summary Balance sheet data

(*In ₹ million, except as otherwise stated*)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
ASSETS					
Non-current assets					
Property, plant and equipment	3,106.54	3,394.39	3,190.47	3,486.21	3,439.38
Capital work in progress	-	5.58	-	3.44	2.43
Intangible assets	15.50	28.84	18.86	32.54	24.93
Intangibles assets under development	2.04	0.14	0.88	-	-
Financial assets					
i. Investments	0.03	0.03	0.02	0.01	0.03
ii. Loans	4.68	4.32	4.34	5.80	6.21
iii. Other financial assets	21.47	20.06	21.05	21.07	17.74
Income tax assets (net)	66.85	88.19	66.34	88.12	70.82
Other non-current assets	40.32	82.41	38.03	92.27	85.77
Total non-current assets	**3,257.43**	**3,623.96**	**3,339.99**	**3,729.46**	**3,647.31**
Current assets					
Inventories	1,886.93	1,479.80	1,705.22	1,527.46	1,402.80
Financial assets					
i. Trade receivables	1,083.96	735.24	1,127.50	1,151.98	1,101.07
ii. Cash and cash equivalents	59.22	13.76	37.04	50.04	106.84
iii. Bank balances other than (ii) above	1.97	-	1.95	-	-
iv. Loans	10.85	9.59	3.46	11.66	11.76
v. Other financial assets	138.52	114.65	134.23	150.39	154.94
Other current assets	408.60	178.79	304.63	182.54	283.72
Total current assets	**3,590.05**	**2,531.83**	**3,314.03**	**3,074.07**	**3,061.13**
Non-current assets held for sale	26.89	-	26.89	-	-
Total assets	**6,874.37**	**6,155.79**	**6,680.91**	**6,803.53**	**6,708.44**
EQUITY AND LIABILITES					
Equity					
Equity share capital	82.63	82.63	82.63	82.63	82.63
Other equity	(339.53)	(13.97)	(319.69)	160.78	395.82
Total equity	**(256.90)**	**68.66**	**(237.06)**	**243.41**	**478.45**
Liabilities					
Non-current liabilities					
Financial liabilities					
i. Borrowings	3,315.90	2,994.95	3,283.34	3,048.48	2,544.57
ii. Lease liabilities	227.09	254.29	233.79	260.21	282.74
Provisions	161.98	150.88	162.92	108.93	109.54
Deferred tax liabilities (net)	182.26	168.33	168.32	223.62	275.31
Total non-current liabilities	**3,887.23**	**3,568.45**	**3,848.37**	**3,641.24**	**3,212.16**
Current liabilities					
Financial liabilities					
i. Borrowings	2,083.60	1,555.08	1,952.81	1,698.38	1,719.10
ii. Lease liabilities	76.86	83.75	79.29	85.18	89.53
iii. Trade payables					
(A) Total outstanding dues of micro and small enterprises	72.26	7.75	91.36	16.88	22.47
(B) Total outstanding dues of creditors other than micro and small enterprises	796.01	626.29	738.38	854.78	942.34
iv. Other financial liabilities	160.48	190.56	150.90	189.99	175.48
Provisions	34.34	41.17	37.45	56.88	41.99
Liabilities for current tax (net)	-	-	-	-	4.80
Other current liabilities	20.49	14.08	19.41	16.79	22.12
Total current liabilities	**3,244.04**	**2,518.68**	**3,069.60**	**2,918.88**	**3,017.83**

(*In ₹ million, except as otherwise stated*)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Total liabilities	**7,131.27**	**6,087.13**	**6,917.97**	**6,560.12**	**6,229.99**
Total equity and liabilities	**6,874.37**	**6,155.79**	**6,680.91**	**6,803.53**	**6,708.44**

Restated Summary Profit and Loss data

(*In ₹ million, except as otherwise stated*)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Income					
Revenue from operations	1,356.50	558.14	4,273.63	5,708.01	5,603.05
Other income	22.29	45.69	94.41	133.19	134.27
Total income (I)	**1,378.79**	**603.83**	**4,368.04**	**5,841.20**	**5,737.32**
Expenses					
Cost of materials consumed	735.54	243.81	2,194.14	2,797.95	2,995.14
Changes in inventories of finished goods and work-in-progress	(150.50)	33.67	(120.98)	(33.95)	(239.12)
Employee benefits expense	286.31	215.43	898.91	1,072.18	1,003.76
Depreciation and amortisation expense	104.82	103.80	415.73	393.16	289.52
Finance costs	52.65	54.43	211.79	237.30	206.78
Other expenses	366.37	149.56	1,265.57	1,609.65	1,551.80
Total expenses (II)	**1,395.19**	**800.70**	**4,865.16**	**6,076.29**	**5,807.88**
Restated profit / (loss) before tax (III) = (I) - (II)	**(16.40)**	**(196.87)**	**(497.12)**	**(235.09)**	**(70.56)**
Tax expense					
Current tax	0.05	-	23.07	40.19	72.46
Deferred tax charge/ (credit)	11.28	(46.94)	(51.38)	(48.81)	40.55
Total tax expense (IV)	**11.33**	**(46.94)**	**(28.31)**	**(8.62)**	**113.01**
Restated profit / (loss) for the period / year (V) = (III) - (IV)	**(27.73)**	**(149.93)**	**(468.81)**	**(226.47)**	**(183.57)**
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Re-measurement gains / (losses) on defined benefit plans	10.55	(33.17)	(15.58)	(11.45)	(16.65)
Income tax effect on above	(2.66)	8.35	3.92	2.88	5.82
Restated Total Other Comprehensive income/ (loss) for the period / year, (net of tax) (VI)	**7.89**	**(24.82)**	**(11.66)**	**(8.57)**	**(10.83)**
Restated Total Comprehensive income for the period/ year, (net of tax) (VII) = (V) + (VI)	**(19.84)**	**(174.75)**	**(480.47)**	**(235.04)**	**(194.40)**
Restated Earnings / (Loss) per equity share (EPS) (face value - Rs. 10)					
Basic (in Indian Rupees)	(3.36)	(18.14)	(56.74)	(27.41)	(22.22)
Diluted (in Indian Rupees)	(3.36)	(18.14)	(56.74)	(27.41)	(22.22)

Note: The Earnings per share information for the period ended June 30, 2021 and June 30, 2020 are not annualized. The EPS data are without considering the impact of sub-division of each equity share of a face value of ₹ 10 each to five equity shares of a face value of ₹ 2 each on October 27, 2021.

Restated Summary Cash Flow data

(In ₹ million, except as otherwise stated)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Cash flow from operating activities					
Profit/(loss) before tax	(16.40)	(196.87)	(497.12)	(235.09)	(70.56)
Non-cash adjustments to reconcile (loss)/profit before tax to net cash flows:					
Depreciation and amortisation expenses	104.82	103.80	415.73	393.16	289.52
Finance cost	52.65	54.43	211.79	237.30	206.78
Unrealised exchange differences (net)	(1.30)	11.02	23.79	(43.53)	(9.95)
Loss / (gain) on sale/disposal of property, plant and equipment, (net)	(0.25)	-	0.35	(0.02)	1.48
Interest income	(0.14)	(0.02)	(0.38)	(2.54)	(1.40)
Interest income on other financial assets	(0.74)	(0.75)	(2.55)	(2.46)	(2.15)
Loss / (gain) on fair valuation of investments	(0.01)	(0.02)	(0.01)	0.02	0.02
Loss / (gain) on mark to market of derivative contracts other than Compulsorily Convertible Cumulative Preference Shares ('CCPS')	(12.80)	14.24	(13.39)	27.40	(39.72)
Loss / (gain) on fair valuation of CCPS	60.22	11.07	287.60	431.74	428.29
Provision for expected credit loss allowance (written back)	(1.34)	(1.21)	0.26	(5.00)	8.46
Advances written off	-	-	-	-	1.20
Liabilities and provisions no longer required (written back)	(0.38)	(0.77)	(4.18)	(4.66)	(2.15)
Bad debts written off	-	-	3.81	4.94	-
Provision for warranties (reversed), (net)	0.36	-	(0.79)	0.04	2.81
Operating profit before working capital changes	**184.69**	**(5.08)**	**424.91**	**801.30**	**812.63**
Working capital adjustments:					
Increase/(decrease) in trade payables	37.38	(239.36)	(39.61)	(93.33)	38.31
Increase/(decrease) in other financial liabilities, other liabilities and provisions	23.90	1.72	(21.37)	23.41	14.37
Decrease/(increase) in inventories	(181.71)	47.65	(177.76)	(124.66)	(405.11)
Decrease/(increase) in trade receivables	48.87	405.95	1.65	(0.24)	(107.05)
Decrease/(increase) in loans, financial assets and other assets	(103.36)	29.83	(81.38)	106.29	35.39
Cash generated / (used in) from operations	**9.77**	**240.71**	**106.44**	**712.77**	**388.54**
Direct taxes paid, (net of refunds)	(0.56)	(0.07)	(1.29)	(62.27)	(89.54)
Net cash flows from/(used in) operating activities	**9.21**	**240.64**	**105.15**	**650.50**	**299.00**
Cash flow from investing activities					
Purchase of property, plant and equipment and intangible assets (including capital work in progress and intangible assets under development)	(28.20)	-	(71.45)	(476.35)	(1,198.31)
Proceeds from disposal of property, plant and equipment	0.25	-	0.09	0.42	3.51
Interest received	(0.15)	0.02	0.32	1.81	1.40
Investment in bank deposits	(0.02)	-	(1.95)	-	0.38
Net cash flows from / (used in) investing activities	**(28.12)**	**0.02**	**(72.99)**	**(474.12)**	**(1,193.02)**
Cash flow from financing activities					
Proceeds from long term borrowings	182.50	-	200.00	-	1,012.46
Repayment of long term borrowings	(256.55)	(10.84)	(179.45)	(317.45)	(238.27)
Repayment of short-term borrowings (net)	-	(221.24)	-	-	-
Proceeds from short-term borrowings (net)	175.04	-	138.29	101.91	431.89
Finance costs paid	(44.61)	(30.11)	(141.24)	(209.70)	(166.02)
Proceeds from issue of CCPS	-	-	-	250.00	-
Payment of principal portion of lease liabilities	(9.13)	(7.35)	(32.31)	(26.88)	(30.93)
Payment of interest portion of lease liabilities	(7.08)	(7.85)	(30.29)	(33.05)	(30.67)

(In ₹ million, except as otherwise stated)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Net cash flows from/(used in) financing activities	**40.17**	**(277.39)**	**(45.00)**	**(235.17)**	**978.46**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**21.26**	**(36.73)**	**(12.84)**	**(58.79)**	**84.44**
Cash and cash equivalents at the beginning of the period / year end	37.04	50.04	50.04	106.84	24.50
Effect of exchange rate changes on cash and cash equivalent held	0.92	0.45	(0.16)	1.99	(2.10)
Cash and cash equivalents at end of three months period / year end	**59.22**	**13.76**	**37.04**	**50.04**	**106.84**

GENERAL INFORMATION

Registered Office

Maini Precision Products Limited
B-165, 3rd Cross, 1st Stage
Peenya Industrial Estate
Bengaluru 560 058
Karnataka, India

For changes in our Registered Office, see "*History and Certain Corporate Matters - Change in the Registered Office*" at page 270.

Corporate identity number and registration number

Corporate Identity Number: U27201KA1973PLC002307
Registration Number: 002307

Address of the RoC

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

Registrar of Companies
"E" Wing, 2nd Floor
Kendriya Sadana, Koramangala
Bengaluru 560 034
Karnataka, India

Our Board

Our Board comprises the following Directors as on the date of filing of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Kewal Krishan Nohria *Chairman and Independent Director*	00060015	11, Aryavartha N D Road Mumbai 400 026
Gautam Maini *Managing Director*	00667616	Villa No. 55 and 56, Vaswani Whispering Palms, Marathahalli, Bengaluru – 560 037
Sandeep Kumar Maini *Non – executive Director*	01568787	G-101, Lyndhurst, No.3, Walton Road Museum Road, Cobbon Park, Bengaluru 560001
V Sridhar *Wholetime Director and CFO*	02584405	Flat No. 1052, Wind Mills of your Mind, No. 331 EPIP Zone Whitefield, Bengaluru – 560 048
Siddharth Deepak Parekh *Non – executive Director*	06945508	Flat. No. 412, B – Wing,14, Altamount Road, Grant Road, Olympus, Cumballa Hill, Mumbai - 400026
Niten Lalpuria *Non – executive Director*	07897970	202, Shiv Niwas, Dixit Cross Road 1, Vile Parle (East), Mumbai 400 057
Rukmani Menon *Independent Director*	02370521	Flat No. 005, Building No. 8, Shanthi Park Apartments, opposite Bangalore Central 9th Block, Jayanagar, Bangalore South, Jayanagar East, Bengaluru 560 069
Rahul Matthan *Independent Director*	01573723	22/1, Langford Gardens, Bangalore, Karnataka, India 560025

For further details of our Directors, see "*Our Management*" on page 275.

Company Secretary and Compliance Officer

Vijayesh Rajendran
B-165, 3rd Cross, 1st Stage
Peenya Industrial Estate
Bengaluru 560 058
Karnataka, India
Tel: +(91) 80 4072 4000
E-mail: compliance.officer@mainimail.com

Investor Grievances

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode.

All Offer related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Book Running Lead Managers

ICICI Securities Limited
ICICI Venture House,
Appasaheb Marathe Marg, Prabhadevi,
Mumbai – 400025
Maharashtra, India
Telephone: +91 22 6807 7100
E-mail: maini.ipo@icicisecurities.com
Investor Grievance E-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Gaurav Mittal / Monank Mehta
SEBI Registration Number: INM000011179

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: maini.ipo@iiflcap.com
Investor Grievance E-mail: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact Person: Nishita Mody / Dhruv Bhagwat
SEBI Registration Number: INM000010940

Syndicate Members

[●]

Legal Counsel to our Company, the Promoter Selling Shareholders, Individual Selling Shareholders and Other Selling Shareholder as to Indian law

Trilegal
Peninsula Business Park
17th Floor, Tower B,
Ganpat Rao Kadam Marg,
Lower Parel (West),
Mumbai 400 013

Legal Counsel to the BRLMs as to Indian law

Cyril Amarchand Mangaldas
3rd Floor, Prestige Falcon Towers
19, Brunton Road
Bengaluru 560 025
Karnataka, India

Legal Counsel to the Investor Selling Shareholders as to Indian law

Shardul Amarchand Mangaldas & Co
Prestige Sterling Square
2nd Floor, Madras Bank Road
Off Lavelle Road
Bengaluru 560 001
Karnataka, India

Statutory Auditors to our Company

S.R. Batliboi & Associates, LLP
12th Floor, "UB City", Canberra Block,
No. 24, Vittal Mallya Road,
Bengaluru - 560001
Email: srba@srb.in
Tel: + 91 (80) 6648 9000
Firm registration number: 101049W/E30004
Peer review number: 013325

Changes in the auditors

There has been no change in the statutory auditors of the Company in the last three years preceding the date of this Draft Red Herring Prospectus.

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: mainiprecision.ipo@linkintime.co.in
Investor grievance E-mail: mainiprecision.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Banker(s) to the Offer

Escrow Collection Bank

[●]

Public Offer Bank

[●]

Refund Bank

[●]

Sponsor Bank

[●]

Banker(s) to our Company

Axis Bank Limited
Address: Axis Bank Ltd, Corporate Banking Branch, Level 3, Nitesh Timesquare, No. 8, MG Road, Bangalore – 560001
Telephone Number: 080-68047302
Contact Person: Shashank Shainia
Website: www.axisbank.com
Email: shashank9.sharma@axisbank.com

HDFC Bank Limited
Address: HDFC Bank Ltd, 4th Floor, 8/24, Salco Centre, Richmond Road, Bangalore
Tel: 080-66633049
Contact Person: Shilpa Ganesh
Website: www.hdfcbank.com
Email: shilpa.ganesh@hdfcbank.com

Kotak Mahindra Bank Limited
Address: No. 22, MG Road, Bangalore - 560001
Telephone Number: 080 61763442
Contact Person: Ms Swati Gupta
Website: www.kotak.com
Email: swati.gupta@kotak.com
CIN: L65110MH1985PLC038137

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RIB using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or at such other websites as may be prescribed by SEBI from time to time.

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor and RIBs) submitted under the ASBA process 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 (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any other website prescribed by SEBI 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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time or any other website prescribed by SEBI from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stock broker network of the stock exchange, *i.e.* through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at https://www.bseindia.com/ and https://www.nseindia.com, as updated from time to time.

RTAs

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 https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and https://www.nseindia.com/products/consent/equities/ipos/asba-procedures.htm, 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 name and contact details, is provided on the website of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Experts

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

Our Company has received written consent dated December 13, 2021 from S.R. Batliboi & Associates, LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 11, 2021 on our Restated Summary Statements; and (ii) their report dated December 13, 2021 on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated December 13, 2021 from M/s J. Singh and Associates, Independent Chartered Accountant, to include their name as an "expert" under section 2(38) of the Companies Act in respect of their certificate and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 13, 2021 from M.S. Balu, Independent Chartered Engineer, to include their name as an "expert" under section 2(38) of the Companies Act in respect of their certificate and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Monitoring Agency

Our Company will appoint a monitoring agency to monitor utilization of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus. For further details in relation to the proposed utilisation of the Net Proceeds, see "*Objects of the Offer*" on page 88.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency.

Statement of Responsibility of the BRLMs

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated	BRLMs	I-Sec

S. No.	Activity	Responsibility	Coordinator
	requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing		
2.	Drafting and approval of all statutory advertisement	BRLMs	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	BRLMs	IIFL
4.	Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	BRLMs	I-Sec
5.	Preparation of road show presentation and FAQs	BRLMs	IIFL
6.	International institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	BRLMs	IIFL
7.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	BRLMs	I-Sec
8.	Retail marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and • Finalising collection centres	BRLMs	IIFL
9.	Non-institutional of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material;	BRLMs	I-Sec
10.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	BRLMs	I-Sec
11.	Managing the book and finalization of pricing in consultation with the Company	BRLMs	I-Sec
12.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	BRLMs	IIFL

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

IPO Grading

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

Debenture Trustees

As this is an offer of Equity Shares, no debenture trustee has been appointed for the Offer.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Filing

A copy of this Draft Red Herring Prospectus has been filed through the SEBI Intermediary Portal at https://siportal.sebi.gov.in, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and has been emailed to SEBI at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure –Division of Issues and Listing –CFD."

A copy of the Red Herring Prospectus, along with the material documents and contracts required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC situated at Registrar of Companies, Karnataka at Bangalore, and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

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 Selling Shareholders in consultation with the BRLMs, and if not disclosed in the Red Herring Prospectus, will be advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and [●] edition of the Kannada newspaper [●] (Kannada being the regional language of Karnataka where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs after the Bid/Offer Closing Date. For further details, see "*Offer Procedure*" on page 434.

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 RIBs 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 the 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 Bidders 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. RIBs Bidding in the Retail Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to RIBs and the Anchor Investors, Allocation in the Offer will be on a proportionate basis. Allocation to the Anchor Investors will be on a discretionary basis.

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

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

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 431 and 434, respectively.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Terms of the Offer*" and "*Offer Procedure"* on pages 425 and 434, respectively.

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 through the Offer. It is proposed that 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, 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 completed before filing the Prospectus with the RoC.)

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

The above-mentioned is indicative underwriting and will be finalised after determination of Offer Price and and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (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 / IPO Committee, will at its meeting accept and enter into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. 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 subscribers for or subscribe to the 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 will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to filing the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

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

(*in ₹, except share data*)

		Aggregate nominal value	Aggregate value at Offer Price [(1)]
A	**AUTHORIZED SHARE CAPITAL**		
	60,000,000 equity shares of face value ₹2 each	120,000,000	-
	28,500,000 0.0001% compulsorily convertible cumulative preference shares of face value ₹ 10 each	285,000,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	41,314,855 equity shares of face value ₹2 each	82,629,710	-
	24,625,000 0.0001% compulsorily convertible cumulative preference shares of face value ₹10 each[(4)]	246,250,000	
C	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares[(1) (2)]	[●][(1)]	[●] [(1)]
	Of which		
	Fresh Issue of [●] Equity Shares[(1)]	[●][(1)]	Up to 1,500,000,000
	Offer for Sale of up to 25,481,705 Equity Shares [(1) (3)]	[●][(1)]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	-
E	**SHARE PREMIUM ACCOUNT**		
	Before the Offer	83,170,946	
	After the Offer	[●]	

(1) *To be included upon finalization of the Offer Price.*

(2) *The Offer has been authorised by our Board pursuant to its resolution dated December 6, 2021 and Fresh Issue of equity shares by our Shareholders pursuant to their resolution dated December 6, 2021.*

(3) *Each of the Selling Shareholders confirms that their respective portion of their Offered Shares are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For further details of authorizations received for the Offer, see "Other Regulatory and Statutory Disclosures" on page 415.*

(4) *The outstanding CCPS will be converted into Equity Shares prior to the date of filing of the Red Herring Prospectus with the RoC.*

Details of changes to our Company's authorised share capital in the last 10 years:

Except as disclosed in "*History and Certain Corporate Matters – Amendments to our Memorandum of Association in the last 10 years*" on page 270, there have been no changes to our authorised share capital in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Notes to the Capital Structure

1. **Share capital history of our Company:**

(a) Equity Share capital

The history of the Equity Share capital of our Company is set forth in the table below:

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative Number of Equity Shares	Cumulative Paid-up Equity Share Capital (₹)
March 3, 1973	20	100	100	Cash	Subscription to the Memorandum	20	2,000

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative Number of Equity Shares	Cumulative Paid-up Equity Share Capital (₹)
					(1)		
March 4, 1974	380	100	100	Cash	Allotment (2)#	400	40,000
April 21, 1975	600	100	100	Cash	Allotment (3)#	1,000	100,000
July 4, 1986	1,000	100	-	N.A.	Bonus issue(4)#	2,000	200,000
September 4, 1986	1,000	100	100	Cash	Allotment (5)	3,000	300,000
January 10, 1987	2,000	100	100	Cash	Allotment (6)	5,000	500,000
January 16, 1989	5,000	100	-	N.A.	Bonus issue(7)#	10,000	1,000,000
November 5, 1999	39,000	100	-	N.A.	Bonus issue(8)#	49,000	4,900,000
March 4, 2003	49,000	100	-	N.A.	Bonus issue(9)#	98,000	9,800,000
March 15, 2005	1,995	100	7,268.17	Other than Cash	Allotment (10)	99, 995	9,999,500
May 23, 2007	3,165	100	7,822.27	Cash	Allotment (11)	103,160	10,316,000
May 23, 2007	37, 498	100	-	N.A.*	Conversion (12) #	140,658	14,065,800
February 22, 2008	7,307	100	100	Cash	Rights issue(13)#	147, 965	14,796,500
Pursuant to Board and Shareholders' resolutions, each dated August 14, 2015 each Equity Share of ₹100 each was subdivided into 10 Equity Shares of ₹10 each, thereby reconfiguring the total issued paid up equity share capital of our Company to ₹14,796,500 divided into 1,479,650 Equity Shares of ₹10 each							
August 16, 2015	7,842,145	10	-	N.A.	Bonus issue(14)	9,321,795	93,217,950
October 24, 2016	(1,058,824)	10	85	N.A.	Buyback(15)	8,262,971	82,629,710
Pursuant to Board and Shareholders' resolution dated October 27, 2021 each Equity Share of ₹10 each was subdivided into 5 Equity Shares of ₹2 each, thereby reconfiguring the total issued paid up equity share capital of our Company to ₹ 82,629,710 divided into 41,314,855 Equity Shares of ₹2 each							

We have been unable to trace the return of allotment (Form 2) and complete set of corporate resolutions filings, and other records, in relation to changes in our issued, subscribed and paid up share capital. Accordingly, disclosures in relation to the specific issuances of capital and changes in our issued, subscribed and paid up share capital have been made in reliance of (i) the board resolutions for the allotments, (ii) subsequent form filings, and (iii) certificate dated December 13, 2021 from Venkatesh Prasad S, Practicing Company Secretary. Please also see "Risk Factors – Some of our corporate records relating to changes in the share capital of our Company, allotments made by our Company are not traceable" on page 47.

* *Cash was paid at the allotment of the compulsorily convertible preference shares.*

(1) *Allotment of 10 equity shares each to Sudarshan Kumar Maini and Reva Maini*

(2) *Allotment of 200 equity shares to Sudarshan Kumar Maini, 60 equity shares to Reva Maini, 35 equity shares to Sandeep Kumar Maini, 35 equity shares to Gautam Maini and 50 equity shares to Chetan Kumar Maini*

(3) *Allotment of 400 equity shares to Sudarshan Kumar Maini, 104 equity shares to Reva Maini, 12 equity shares to Sandeep Kumar Maini, 12 equity shares to Gautam Maini and 72 equity shares to Chetan Kumar Maini*

(4) *Bonus Issue of 510 equity shares to Sudarshan Kumar Maini, 35 equity shares to Reva Maini, 150 equity shares to Sandeep Kumar Maini, 150 equity shares to Gautam Maini, 150 equity shares to Chetan Kumar Maini and 5 equity shares to Kesara Devi Maini in the ratio of one equity share for every one fully paid-up equity share held*

(5) *Allotment of 510 equity shares to Sudarshan Kumar Maini, 35 equity shares to Reva Maini, 150 equity shares to Sandeep Kumar Maini, 150 equity shares to Gautam Maini, 150 equity shares to Chetan Kumar Maini and 5 equity shares to Kesara Devi Maini*

(6) *Allotment of 1,020 equity shares to Sudarshan Kumar Maini, 70 equity shares to Reva Maini, 300 equity shares to Sandeep Kumar Maini, 300 equity shares to Gautam Maini, 300 equity shares to Chetan Kumar Maini and 10 equity shares to Kesara Devi Maini*

(7) *Bonus issue of 2,550 equity shares to Sudarshan Kumar Maini, 175 equity shares to Reva Maini, 750 equity shares to Sandeep Kumar Maini, 750 equity shares to Gautam Maini, 750 equity shares to Chetan Kumar Maini and 25 equity shares to Kesara Devi Maini in the ratio of one equity share for one fully paid-up equity share held*

(8) *Bonus issue of 19,890 equity shares to Sudarshan Kumar Maini, 1,365 equity shares to Reva Maini, 5,850 equity shares to Sandeep Kumar Maini, 5,850 equity shares to Gautam Maini, 5,850 equity shares to Chetan Kumar Maini and 195 equity shares to Kesara Devi Maini*

(9) *Bonus issue of 24,990 equity shares to Sudarshan Kumar Maini, 1,960 equity shares to Reva Maini, 7,350 equity shares to Sandeep Kumar Maini, 7,350 equity shares to Gautam Maini and 7,350 equity shares to Chetan Kumar Maini in the*

ratio of thirty-nine equity shares for every ten equity shares held.

(10) Allotment of 695 equity shares to Reva Maini and 1,300 equity shares to Vippen Sareen pursuant to the merger of the Karnataka Electronics, a partnership firm, with our Company

(11) Allotment of 3,165 equity shares to HKK Investors Limited

(12) Allotment of 37,498 equity shares to Ambadevi Mauritius Holdings Limited **("AMHL**") pursuant to conversion of compulsorily convertible preference shares allotted to them

(13) Rights issue of 3,445 squity Shares to Sudarshan Kumar Maini, 311 equity shares to Reva Maini, 1,105 equity shares to Sandeep Kumar Maini, 1,105 equity shares to Gautam Maini, 1,105 equity shares to Chetan Kumar Maini, 93 equity shares to Vippen Sareen and 143 equity shares to MPP Employees Welfare Trust in the ratio of one equity share for fourteen equity shares held

(14) Bonus issue of 3,617,621 equity shares to Sudarshan Kumar Maini, 247,086 equity shares to Reva Maini, 1,987,394 equity shares to Sandeep Kumar Maini, 878,369 equity shares to Gautam Maini, 878,316 equity shares to Chetan Kumar Maini, 73,829 equity shares to Vippen Sareen, 113,791 equity shares to MPP Employees Welfare Trust and 45,739 equity shares to AMHL in the ratio of 5.30 equity shares for one equity share held.

(15) Buyback of 1,058,824 Equity Shares by our Company.

(b) Preference Share capital

The history of the preference share capital of our Company is set forth in the table below:

Date of Allotment	No. of Preference Shares Allotted	Face Value (₹)	Issue price per Preference Share (₹)	Nature of consideration	Nature of transaction	Cumulative Number of Preference Shares	Cumulative Paid-up Preference Share Capital (₹)
July 12, 2005	37,498	100	7,200.38	Cash	Allotment	37,498	37,49,800
May 23, 2007	(37,498)*	100		NA	Conversion into equity shares	-	-
August 19, 2016	1,000,000	10	10	Cash	Allotment(1)	10,00,000	10,000,000
October 17, 2016	5,621,622	10	10	Cash	Allotment(2)	6,621,622	66,216,220
October 18, 2016	17,378,378	10	10	Cash	Allotment(3)	24,000,000	240,000,000
July 11, 2019	478,604	10	400	Cash	Allotment(4)	24,478,604	244,786,040
July 18, 2019	146,396	10	400	Cash	Allotment(5)	24,625,000	246,250,000

* 37,498 preference shares issued to AMHL were converted into 37,498 Equity Shares on May 23, 2007.

(1) Allotment of 1,000,000 Series A CCPS to Paragon Partners Growth Fund – I.

(2) Allotment of 5,621,622 Series A CCPS to NewQuest Asia Investments II Limited.

(3) Allotment of 17,378,378 Series A CCPS to Paragon Partners Growth Fund – I.

(4) Allotment of 478, 604 Series B CCPS to Paragon Partners Growth Fund – I.

(5) Allotment of 146,396 Series B CCPS to NewQuest Asia Investments II Limited.

As on the date of this DRHP, 24,625,000 CCPS are outstanding. The 18,856,982 CCPS held by Paragon Partners Growth Fund – I, will be converted into a maximum of up to 14,014,805 Equity Shares and 5,768,018 CCPS held by NewQuest Asia Investments II Limited, will be converted into a maximum up to 4,286,880 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

2. Our Company has not issued any equity shares out of revaluation of reserves since its incorporation.

3. Except as detailed below, no equity shares have been issued for consideration other than cash:

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative Number of Equity Shares	Benefits accrued to our Company
March 15, 2005	1,995	100	7,268.17	Other than Cash	Allotment	1,995	Business restructuring

4. Our Company has not issued or allotted any equity shares or preference shares pursuant to schemes of arrangement approved under Sections 391 -394 of the erstwhile Companies Act, 1956 or Sections 230-234 of the Companies Act, 2013.

5. Our Company has not issued any equity shares or preference shares at a price that may be lower than the Offer Price during a period of one year preceding the date of this Draft Red Herring Prospectus.

6. Except as disclosed under "*Summary of the Offer Document*" on page 23, there are no specified securities acquired by our Promoters, Promoter Group or the Selling Shareholders in the immediate three years preceding the date of this Draft Red Herring Prospectus.

7. **Shareholding pattern of our Company**

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage 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 form (XIV)
								Number of Voting Rights			Total as a % of (A+B+ C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoter and Promoter Group	4	31,863,860	-	-	31,863,860	77.13	31,863,860	-	31,863,860	77.13	-	60.76	-	-	7,341,380**	17.77	31,863,860
(B)	Public	7	9,450,995	-	-	9,450,995	22.87	9,450,995	-	9,450,995	22.87	24,625,000*	39.24	-	-	-	-	9,450,995
(C)	Non Promoter – Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**11**	**41,314,855**	**-**	**-**	**41,314,855**	**100.00**	**41,314,855**	**-**	**41,314,855**	**100.00**	**24,625,000**	**100.00**	**-**	**-**	**7,341,380**	**17.77**	**41,314,855**

[*] As on the date of this Draft Red Herring Prospectus, 24,625,000 CCPS are outstanding. The 18,856,982 CCPS held by Paragon Partners Growth Fund – I, will be converted into a maximum of up to 14,014,805 Equity Shares and 5,768,018 CCPS held by NewQuest Asia Investments II Limited, will be converted into a maximum up to 4,286,880 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

***As of the date of this Draft Red Herring Prospectus, 4,195,075 Equity Shares aggregating to 10.15% of the total pre-Offer share capital of our Company and 3,146,305 Equity Shares aggregating to 7.62% of the total pre-Offer share capital of our Company, held by Sandeep Kumar Maini have been pledged in favour Tata Capital Financial Services Limited and Aditya Birla Finance Limited ,respectively, to secure the working capital facilities, pursuant to the deed of pledge dated December 9, 2020 entered between Sandeep Kumar Maini and Tata Capital Financial Services Limited and deed of pledge dated March 15, 2021 entered into between Sandeep Kumar Maini and Aditya Birla Finance Limited .*

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

a) As on the date of filing of this Draft Red Herring Prospectus, our Company has 11 Equity Shareholders. As of the date of this Draft Red Herring Prospectus, the total number of our preference shareholders is two.

b) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity share capital of our Company as on the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	Sandeep Kumar Maini	12,375,825	29.95
2.	Gautam Maini	9,405,865	22.77
3.	Chetan Kumar Maini	9,405,865	22.77
4.	Paragon Partners Growth Fund – I	5,496,745	13.30
5.	NewQuest Asia Investments II Limited	1,681,355	4.07
6.	Brioso & Co Pty Limited	806,485	1.95
7.	The Maini Family Trust	676,305	1.64
8.	One – Up Financial Consultants Private Limited	513,390	1.24
9.	Vippen Sareen	438,795	1.06
	Total	**40,800,630**	**98.75**

c) Set forth below is a list of Shareholders holding 1% or more of the paid-up share Equity capital of our Company as of 10 days prior to the date of filing of this Draft Red Herring Prospectus.

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	Sandeep Kumar Maini	12,375,825	29.95
2.	Gautam Maini	9,405,865	22.77
3.	Chetan Kumar Maini	9,405,865	22.77
4.	Paragon Partners Growth Fund – I	5,496,745	13.30
5.	NewQuest Asia Investments II Limited	1,681,355	4.07
6.	Brioso & Co Pty Limited	806,485	1.95
7.	The Maini Family Trust	676,305	1.64
8.	One – Up Financial Consultants Private Limited	513,390	1.24
9.	Vippen Sareen	438,795	1.06
	Total	**40,800,630**	**98.75**

d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity share capital of our Company as of the date one year prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of equity shares of face value ₹ 10 each	Percentage of the pre-Offer equity share capital (%)^
1.	Sandeep Kumar Maini	2,475,165	29.95
2.	Gautam Maini	1,881,173	22.77
3.	Chetan Kumar Maini	1,881,173	22.77
4.	Paragon Partners Growth Fund – I	1,099,349	13.30
5.	NewQuest Asia Investments II Limited	336,271	4.07
6.	Brioso & Co Pty Limited	161,297	1.95
7.	The Maini Family Trust	135,261	1.64
8.	One – Up Financial Consultants Private Limited	102,678	1.24
9.	Vippen Sareen	87,759	1.06
	Total	**8,160,126**	**98.75**

^ *As adjusted for split in the face value of the equity shares from ₹ 10 each to ₹ 2 each*

e) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity share capital of our Company as of the date two years prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of equity shares of face value ₹ 10 each	Percentage of the pre-Offer equity share capital (%)^
1.	Sandeep Kumar Maini	2,636,462	31.90
2.	Gautam Maini	1,881,173	22.77
3.	Chetan Kumar Maini	1,881,173	22.77
4.	Paragon Partners Growth Fund – I	1,099,349	13.30
5.	NewQuest Asia Investments II Limited	336,271	4.07
6.	The Maini Family Trust	135,261	1.64
7.	One – Up Financial Consultants Private Limited	102,678	1.24
8.	Vippen Sareen	87,759	1.06
	Total	**7,8,160,126**	**98.75**

^ *As adjusted for split in the face value of the equity shares from ₹ 10 each to ₹ 2 each*

f) *Shareholding of our Directors and/or Key Managerial Personnel*:

Except as set forth below, none of our Directors or Key Managerial Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Director and/or Key Managerial Personnel	No. of equity Shares	Percentage of the pre-Offer equity share capital (%)
1.	Sandeep Kumar Maini	12,375,825	29.95
2.	Gautam Maini	9,405,865	22.77

9. **Details of Shareholding of our Promoters and members of the Promoter Group in our Company**

As on the date of this Draft Red Herring Prospectus, our Promoters and Promoter Group hold 31,863,860 Equity Shares, equivalent to 77.13% of the issued, subscribed and paid-up equity share capital of our Company.

The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the table below:

Nature of transaction	Date of allotment and the date on which the equity Shares were made fully paid-up / acquisition	No. of Equity Shares	Nature of consideration	Face value per equity share (₹)	Issue/ transfer price per equity share (₹)	Percentage of the pre-Offer equity share capital (%) *#	Percentage of the post-Offer equity share capital (%)
			Sandeep Kumar Maini				
Allotment	March 4, 1974	35	Cash	100	100	Negligible	[●]
Allotment	April 21, 1975	12	Cash	100	100	Negligible	[●]
Transferred by Sudarshan Kumar Maini	September 1, 1981(1)	100	Cash	100	239.19	0.01	[●]
Transferred by Reva Maini	September 1, 1981(1)	3	Cash	100	239.19	Negligible	[●]
Bonus Issue	July 4, 1986	150	N.A.	100	-	0.02	[●]
Allotment	September 4, 1986	150	Cash	100	100	0.02	[●]
Allotment	January 10, 1987	300	Cash	100	100	0.04	[●]
Bonus Issue	January 16, 1989	750	N.A.	100	-	0.09	[●]
Bonus Issue	November 05, 1999	5,850	N.A.	100	-	0.71	[●]
Bonus Issue	March 4, 2003	7,350	N.A.	100	-	0.89	[●]
Rights Issue	February 22, 2008	1,105	Cash	100	100	0.13	[●]
Transferred by HKK	January 23, 2008 (1)	767	Cash	100	6687.89	0.09	[●]
Transferred by AMHL	September 4, 2012(1)	5,296	Cash	100	26,292.19	0.64	[●]
Transferred by AMHL	October 31, 2012(1)	32,202	Cash	100	20,156.52	3.90	[●]

Nature of transaction	Date of allotment and the date on which the equity Shares were made fully paid-up / acquisition	No. of Equity Shares	Nature of consideration	Face value per equity share (₹)	Issue/ transfer price per equity share (₹)	Percentage of the pre-Offer equity share capital (%) *#	Percentage of the post-Offer equity share capital (%)
Transferred to Sudarshan Kumar Maini	July 20, 2012	(16, 572)	Gift	100	-	(2.01)	[●]
Pursuant to Board and Shareholders' resolution dated August 14, 2015 each Equity Share of ₹ 100 each was subdivided into 10 Equity Shares of ₹10 each.							
Bonus Issue	August 16, 2015	1,987,394	N.A.	10	-	24.05	[●]
Transferred by Chetan Maini	August 8, 2016	1,65,720	Gift	10	-	2.01	[●]
Transferred by Sudarshan Kumar Maini	August 17, 2016	682,570	Gift	10	-	8.26	[●]
Transferred by Reva Maini	August 10, 2016	46,620	Gift	10	-	0.56	[●]
Transferred by Gautam Maini	August 17, 2016	1,65,730	Gift	10	-	2.01	[●]
Transferred to Paragon Partners	August 22, 2016	(11,85,240)	Cash	10	606	(14.34)	[●]
Transferred to Paragon Partners	November 3, 2016	(2,50,380)	Cash	10	606	(3.03)	[●]
Transferred by Reva Maini	May 11, 2017	247,086	Gift	10	-	2.99	[●]
Transferred by Sudarshan Kumar Maini	May 19, 2017	553,136	Gift	10	-	6.69	[●]
Transferred to Amit Mohatta	May 15, 2019	(48,476)	Cash	10	618.86	(0.59)	[●]
Transferred to One – Up Financial Consultants Private Limited	June 25, 2019	(102,678)	Cash	10	644	(1.24)	[●]
Transferred to Brioso & Co. Private Limited	March 2, 2020	(161,297)	Cash	10	644	(1.95)	[●]
Pursuant to Board and Shareholders' resolution dated October 27, 2021 each Equity Share of ₹10 each was subdivided into 5 Equity Shares of ₹2 each							
Sub-Total				**12,375,825**			
Gautam Maini							
Allotment	March 4, 1974	35	Cash	100	100	Negligible	[●]
Allotment	April 21, 1975	12	Cash	100	100	Negligible	[●]
Transferred by Reva Maini	September 1, 1981(1)	103	Cash	100	239.19	0.01	[●]
Bonus Issue	July 4, 1986	150	N.A.	100	-	0.02	[●]
Allotment	September 4, 1986	150	Cash	100	100	0.02	[●]
Allotment	January 10, 1987	300	Cash	100	100	0.04	[●]
Bonus Issue	January 16, 1989	750	N.A.	100	-	0.09	[●]
Bonus Issue	November 5, 1999	5,850	N.A.	100	-	0.71	[●]
Bonus Issue	March 4, 2003	7,350	N.A.	100	-	0.89	[●]
Rights Issue	February 22, 2008	1,105	Cash	100	100	0.13	[●]

Nature of transaction	Date of allotment and the date on which the equity Shares were made fully paid-up / acquisition	No. of Equity Shares	Nature of consideration	Face value per equity share (₹)	Issue/ transfer price per equity share (₹)	Percentage of the pre-Offer equity share capital (%) *#	Percentage of the post-Offer equity share capital (%)
Transferred by HKK Investors Limited	January 23, 2008(1)	768	Cash	100	6,687.89	0.09	[●]
Pursuant to Shareholders' resolution dated August 14, 2015 each Equity Share of ₹ 100 each was subdivided into 10 Equity Shares of ₹10 each							
Bonus Issue	August 16, 2015	878,369	N.A.	10	-	10.63	[●]
Transferred to Sandeep Kumar Maini	August 17, 2016	(1,65,730)	Gift	10	-	(2.01)	[●]
Transfer by Sudarshan Kumar Maini	May 11, 2017	10,02,804	Gift	10	-	12.14	[●]
Pursuant to Board and Shareholders' resolution dated October 27, 2021 each Equity Share of ₹10 each was subdivided into 5 Equity Shares of ₹2 each							
Sub-Total				**9,405,865**			
Chetan Kumar Maini							
Allotment	March 4, 1974	50	Cash	100	100	0.01	[●]
Allotment	April 21, 1975	72	Cash	100	100	0.01	[●]
Transferred by Reva Maini	September 1, 1981(1)	28	Cash	100	239.19	Negligible	[●]
Bonus issue	July 4, 1986	150	N.A.	100	-	0.02	[●]
Allotment	September 4, 1986	150	Cash	100	100	0.02	[●]
Allotment	January 10, 1987	300	Cash	100	100	0.04	[●]
Bonus issue	January 16, 1989	750	N.A.	100	-	0.09	[●]
Bonus issue	November 5, 1999	5,850	N.A.	100	-	0.71	[●]
Bonus issue	March 4, 2003	7,350	N.A.	100	-	0.89	[●]
Right issue	February 22, 2008	1,105	Cash	100	100	0.13	[●]
Transferred by HKK Investors Limited	January 23, 2008(1)	767	Cash	100	6,687.89	0.09	[●]
Pursuant to Board and Shareholders' resolution dated August 14, 2015 each Equity Share of ₹ 100 each was subdivided into 10 Equity Shares of ₹10 each							
Bonus issue	August 16, 2015	878,316	N.A.	10	-	10.63	[●]
Transferred to Sandeep Kumar Maini	August 8, 2016	(1,65,720)	Gift	10	-	(2.01)	[●]
Transfer by Sudarshan Kumar Maini	May 11, 2017	10,02,857	Gift	10	-	12.14	[●]
Pursuant to Board and Shareholders' resolution dated October 27, 2021 each Equity Share of ₹10 each was subdivided into 5 Equity Shares of ₹2 each							
Sub-Total				**9,405,865**			

(1) *We have been unable to trace the share transfer forms for share transfer dated September 1, 1981, January 23, 2008, September 4, 2012 and October 31, 2012. Accordingly, disclosures in relation to the specific share transfers have been made in reliance of (i) the board resolutions for the allotments; and (ii) certificate dated December 13, 2021 from Venkatesh Prasad S, Practicing Company Secretary. Please also see "Risk Factors – Some of our corporate records relating to changes in the share capital of our Company, allotments made by our Company are not traceable" on page 47.*

* *Percentage is calculated on the basis of current Equity Share capital and does not take into account Equity Shares which may be issued upon conversion of CCPS.*

\# *Percentage is calculated after taking into account the sub-division of shares from ₹ 100 each to ₹ 10 each and thereafter from ₹ 10 to ₹ 2 each.*

The details of the shareholding of our Promoters, as on the date of the Draft Red Herring Prospectus, are set forth in the table below:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer equity share capital (%)	Percentage of the post-Offer equity share capital (%)
Promoter (A)				
1.	Sandeep Kumar Maini	12,375,825	29.95	[●]
2.	Gautam Maini	9,405,865	22.77	[●]
3.	Chetan Kumar Maini	9,405,865	22.77	[●]
Promoter Group (B)				
1.	The Maini Family Trust	676,305	1.64	[●]
	TOTAL (A) + (B)	**31,863,960**	**77.13**	**[●]**

As of the date of this Draft Red Herring Prospectus, 4,195,075 Equity Shares aggregating to 10.15% of the total pre – Offer equity share capital of our Company and 3,146,305 Equity Shares aggregating to 7.62% of the total pre – Offer equity share capital of our Company, held by Sandeep Kumar Maini have been pledged in favour Tata Capital Financial Services Limited and Aditya Birla Finance Limited, respectively, to secure the working capital facilities, pursuant to the deed of pledge dated December 9, 2020 entered between Sandeep Kumar Maini and Tata Capital Financial Services Limited and deed of pledge dated March 15, 2021 entered into between Sandeep Kumar Maini and Aditya Birla Finance Limited.

10. The entire shareholding of our Promoters is in dematerialised form as of the date of this Draft Red Herring Prospectus.

11. None of the members of the Promoter Group, our Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

12. **Details of Promoter's contribution and lock-in**

a) 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 Promoters, shall be locked in for a period of 18 months as minimum Promoter's contribution ("**Minimum Promoter's Contribution**") from the date of Allotment and the shareholding of our Promoters in excess of 20 % of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment.

b) Details of the Equity Shares to be locked-in for 18 months from the date of Allotment as Minimum Promoter's Contribution are set forth in the table below*:

Name of Promoter	Number of Equity Shares locked-in	Date of allotment of Equity Shares and when made fully paid-up	Nature of transaction	Face Value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	[●]	[●]	[●]	[●]	[●]			[●]
Total	[●]				[●]	[●]	[●]	

To be included in the Prospectus.

c) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

d) In this connection, please note that:

(i) The Equity Shares offered for Minimum Promoter's Contribution do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, (ii) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of Minimum Promoter's Contribution.

(ii) The Minimum Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.

(iii) The Equity Shares forming part of the Promoters' Contribution are not subject to any pledge

(iv) Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.

13. **Details of Equity Share capital locked-in for six months**

Unless provided otherwise under applicable law, pursuant to the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company (including those Equity Shares held by our Promoters in excess of the Promoter's Contribution) shall be locked-in for a period of six months from the date of Allotment, except as permitted under the SEBI ICDR Regulations. Accordingly, the Equity Shares held by Paragon Partners Growth Fund – I and NewQuest Asia Investments II Limited will not be locked-in for a period of six months in terms of Regulation 17 of the SEBI ICDR Regulations. Further, any unsubscribed portion of the Offered Shares will also be locked in, as required under the SEBI ICDR Regulations.

14. **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.

15. **Recording on non-transferability of Equity Shares locked-in**

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

16. **Other requirements in respect of lock-in**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, NBFC-SI or a housing finance company, subject to the following:

(i) With respect to the Equity Shares locked-in for six months from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan; and
(ii) With respect to the Equity Shares locked-in as Promoter's Contribution for 18 months from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock-in, in the hands of such transferee, for the remaining period and compliance with provisions of the SEBI Takeover Regulations.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons prior to the Offer and locked-in for a period of six months, 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 in the hands of such transferee and compliance with the applicable provisions of the SEBI Takeover Regulations.

17. **Employee Stock Option Scheme**

Our Company has adopted the Maini Employee Stock Option Scheme 2021 ("**ESOP 2021**") pursuant to authorization given by the Board in its meeting held on October 27, 2021, and by the Shareholders pursuant to special resolution passed at the general meeting of our Company held on October 27, 2021. The purpose of ESOP 2021 is, *inter-alia,* attract and retain employees of our Company for positions of responsibility, to provide additional incentive to the employees and to motivate the employees to contribute to the growth and profitability of our Company. The aggregate number of Equity Shares issued under ESOP 2021, upon exercise, shall not exceed 655,481 Equity Shares at such price and on such terms and conditions as may be fixed or determined by the Nomination and Remuneration Committee. Further, as on the date of this Draft Red Herring Prospectus, our Company has not granted any options.

18. Our Company presently does not intend or propose to alter its 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 by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise, except the employee stock options to be issued in pursuance to ESOP 2021.

19. None of the members of the Promoter Group, our Promoter, and / or our Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

20. There have been no financing arrangements whereby our Promoters, members of the Promoter Group and / or our Directors and their relatives 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.

21. All Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

22. As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates, as defined under the SEBI Merchant Bankers Regulations, do not hold any Equity Shares. The BRLMs, and their associates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

23. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the members of the Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

24. Our Company, the Promoters, our Directors and the BRLMs have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

25. Except for the Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited and Paragon Partners Growth Fund – I, which shall be converted into Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, and except the employee stock options to be issued in pursuance to ESOP 2021, there are no 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.

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

27. Except for our Promoters who are also the Selling Shareholders, none of the members of our Promoter Group will participate in the Offer.

28. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, our Directors, our Promoters, members of our Promoter Group or Group

Companies, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

29. Neither the (i) BRLMs or any associate of the BRLMs (other than mutual funds sponsored entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs sponsored by the entities which are associates of the BRLMs and or 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 Promoters or Promoter Group can apply under the Anchor Investor Portion.

OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and an Offer for Sale.

Offer for Sale

Each of the Selling Shareholders will be entitled to respective proportion of the proceeds of the Offer for Sale after deducting their respective portion of the Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. Other than the listing fees payable to the Stock Exchanges, expenses in relation to product or corporate advertisements of the Company, i.e., any corporate advertisements consistent with the past practices of the Company (other than expenses in relation to the marketing and advertising undertaken specifically for the Offer), and fees for the counsel to the Company in relation to the Offer each of which will be solely borne by the Company, all cost, fees and expenses in respect of the Offer will be borne by Company and Selling Shareholders on a pro rata basis, in proportion to the number of Equity Shares issued and allotted by the Company through the Fresh Issue and sold by each of the Selling Shareholders for sale through the Offer.

Fresh Issue

Requirement of funds

We propose to utilise the Net Proceeds towards funding the following objects:

1. Repayment / prepayment, in part or full, of all or certain borrowings of our Company; and
2. General corporate purposes

(collectively, the "**Objects**").

In addition, we expect to achieve the benefits of listing of the Equity Shares on the Stock Exchanges which, we believe, will result in the enhancement of our brand name and creation of a public market for our Equity Shares in India.

Proceeds of the Fresh Issue

The details of the proceeds of the Fresh Issue are set forth below:

(In ₹ million)

Particulars	Amount
Gross Proceeds of the Fresh Issue	1,500
(Less) Offer related expenses in relation to the Fresh Issue*	[●]
Net Proceeds*	**[●]**

**To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in the following manner:

(In ₹ million)

Particulars	Amount
Repayment / prepayment, in part or full, of all or certain borrowings of our Company*	1,125
General corporate purposes*	[●]
Total*	[●]

* *To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds from the Fresh Issue.*

The main objects of our Memorandum of Association enable us to carry on our existing business activities, and the activities for which funds are being raised through the Fresh Issue.

Schedule of Implementation and Deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(In ₹ million)

Particulars	Amount to be funded from Net Proceeds	Estimated deployment of Net Proceeds in Financial Year 2022
Repayment / prepayment, in part or full, of all or certain borrowings of our Company	1,125	1,125
General corporate purposes*	[●]	[●]
Total*	[●]	[●]

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

We propose to deploy the entire Net Proceeds towards the Objects by the end of Financial Year 2022. However, if the Net Proceeds are not completely utilised for the objects stated above by the end of Financial Year 2022, such amounts will be utilised (in part or full) in subsequent periods, as determined by us, in accordance with applicable law.

The deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, which are subject to change. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. For details, see "*Risk Factors – Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.*" on page 53.

Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and/or debt arrangements from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

Details of the Objects of the Offer

1. Repayment / prepayment, in part or full, of all or certain borrowings of our Company

Our Company has entered into various financial arrangements with banks, financial institutions and other entities. The loan facilities entered into by our Company include borrowings in the form of, *inter alia*, term loans and working capital facilities. For further details, see "*Financial Indebtedness*" on page 407. As on June 30, 2021, the aggregate outstanding total borrowings of our Company is ₹ 5,399.50 million. Our Company proposes to utilise an estimated amount of ₹ 1,125 million from the Net Proceeds towards repayment/ prepayment, in part or full, of all or a portion of certain borrowings availed by our Company. The repayment / prepayment, will help reduce our outstanding indebtedness, debt servicing costs, assist us in maintaining a favourable debt-equity ratio and enable utilisation of funds from our internal accruals for further investment in business growth and expansion. In addition, we believe that this will enable us to raise further resources at competitive rates and additional funds / capital in the future to fund potential business development opportunities and plans to grow and expand our business in the future. Further, our Company shall pay the prepayment charges, if any, on the loans identified below, out of the portion of Net Proceeds available for repayment/ prepayment, in part or full, of all or a portion of certain borrowings.

The following table sets forth details of certain borrowings availed by our Company, out of which our Company may repay/prepay, all or a portion of, any or all of the borrowings:

Name of Lender	Nature of borrowing	Sanctioned amount *(₹ in million)*	Amount outstanding as on June 30, 2021 *(₹ in million)*	Rate of Interest (as per Sanction Letter)	Purpose#
Axis Bank Limited	Term Loan	250.0	124.60	6 month MCLR + 0.3%	Purchase plant and machineries
	Emergency Credit Line Guarantee	70.00	70.00	Repo rate + 2.5%	Working capital loan

Name of Lender	Nature of borrowing	Sanctioned amount (₹ in million)	Amount outstanding as on June 30, 2021 (₹ in million)	Rate of Interest (as per Sanction Letter)	Purpose#
	Scheme (“**ECLG**”) Loan				
	Working Capital Loan	400.00	363.55	9.00% - 10.00%	Working capital loan
Kotak Mahindra Bank Limited	Term Loan	400.00	174.70	6 month MCLR + spread (based on subsequent reset date)	Purchase plant and machineries
	ECLG Loan	182.50	182.50	1 year MCLR +1%	Working capital loan
	Working Capital Loan	610.00	416.13	9.00% - 10.00%	Working capital loan
HDFC Bank Limited	Term Loan-2	100.00	42.55	3 year MCLR + 1.95%	Purchase plant and machineries
	Term Loan-3	200.00	102.17	1 year MCLR + 0.6%	Working capital loan
	Term Loan-4	400.00	298.57	1 year MCLR + 0.6%	Purchase plant and machineries
	ECLG Loan	130.00	130.00	Repo rate + 2.5%	Working capital loan
	Working Capital Loan	800.00	689.13	9.00% - 10.00%	Working capital loan

#In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purposed availed, the Company has obtained the requisite certificate.

The selection of borrowings proposed to be repaid/ prepaid out of the borrowings provided above, shall be based on various factors including (i) cost of the borrowings to our Company, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, prior to completion of the Offer (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other 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. Payment of interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the Net Proceeds of the Offer.

Given the nature of these borrowings and the terms of repayment or prepayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of their existing borrowings prior to Allotment or avail of additional credit facilities. If at the time of Allotment, any of the below mentioned loans are repaid in part or full or refinanced or if any additional credit facilities are availed or drawn down or if the limits under the working capital borrowings are increased, then our Company may utilise the Net Proceeds for part or full prepayment / repayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company.

2. General Corporate Purposes

We propose to deploy the balance Net Proceeds aggregating to ₹ [●] million (net of expenses in relation to the Fresh Issue) towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which we propose to utilise the Net Proceeds include meeting day to day expenses such as payment of salary and allowances, purchase of inventory, long term or short-term working capital requirements, or other activities in the ordinary course of business. In addition to the above, we may utilise the Net Proceeds towards other expenditure in the ordinary course of business, as considered expedient and as approved periodically by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including the necessary provisions of the Companies Act.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and our business requirements, from time to time. Our management, in accordance with the policies of our Board, shall have flexibility in utilising surplus amounts, if any.

Means of Finance

The funding requirements for Objects are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, as prescribed under the SEBI ICDR Regulations.

Interim use of Net Proceeds

We, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, as may be approved by our Board or a duly constituted committee thereof.

In accordance with the Companies Act, 2013, we confirm that we shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge Financing Facilities

We have not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Offer Expenses

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the BRLMs, legal counsels, Registrar to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. Other than the listing fees payable to the Stock Exchanges, expenses in relation to product or corporate advertisements of the Company, i.e., any corporate advertisements consistent with the past practices of the Company (other than expenses in relation to the marketing and advertising undertaken specifically for the Offer), and fees for the counsel to the Company in relation to the Offer each of which will be solely borne by the Company, all the fees and expenses relating to the Offer shall be borne by Company and Selling Shareholders on a pro rata basis, in proportion to the number of Equity Shares issued and allotted by the Company through the Fresh Issue and sold by each of the Selling Shareholders for sale through the Offer, as mutually agreed to amongst the Company and the Selling Shareholders in accordance with applicable law including section 28(3) of Companies Act, 2013.

Further, the Selling Shareholders shall reimburse our Company for all expenses, incurred by our Company in relation to the Offer on their behalf in accordance with applicable law. The break-up for the estimated Offer expenses is as below:

Activity	Estimated expenses[1] (₹ in million)	As a % of total estimated Offer related expenses[1]	As a % of Offer size[1]
Fees payable to the BRLMs including underwriting commission, brokerage and selling commission, as applicable	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery expenses			
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Fees payable to other advisors to the Offer	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs [2][3][4][5][6]	[●]	[●]	[●]
Others (Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses, fees for the legal counsel, fees for audit and other deliverables for the purpose of the Offer, Independent Chartered Engineer, and the Independent Chartered Accountant appointed for the purpose of the Offer etc.)	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

[1] *Amounts will be finalised and incorporated in the Prospectus on determination of the Offer Price.*

[2] *Selling commission payable to the SCSBs on the portion of Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:*

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% 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 bidding charges shall be payable by the Company and Selling Shareholders to the SCSBs on the applications directly procured by them

[3] *Processing fees payable to the SCSBs on the portion for Retail Individual Bidder and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/CDPs and submitted to SCSB for blocking would be as follows:*

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

** For each valid application*

[4] *Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by Syndicate Member (including their sub Syndicate Members) would be as follows:*

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

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

[5] *Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the Registered Brokers, RTAs/CDPs would be as follows:*

*Portion for Retail Individual Bidders**	*₹ [●] per valid application (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*₹ [●] per valid application (plus applicable taxes)*

** Based on valid applications.*

** Amount of selling commission payable to Registered Brokers, RTAs/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 RTAs/CDPs the commission is payable to, the terminal from which the bid has been uploaded will be taken into account. The bidding* *charges payable shall be subject to total commission payable being maximum of ₹ [●] plus applicable taxes.*

(6) The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows

Payable to Members of the Syndicate including their sub-Syndicate Members)/ RTAs / CDPs	*₹[●] per valid application (plus applicable taxes)*
Sponsor Bank	*₹[●] per valid Bid cum Application Form* (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

(6) The processing fees for applications made by Retail Investor Bidder using the UPI Mechanism maybe released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No. SEBI SEBI/HO/CFD/DIL2/P/CIR/2021/2480/1/M dated March 16, 2021.

Appraising Entity

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency, including any bank or finance institutions.

Monitoring Agency

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency for monitoring the utilisation of the Net Proceeds. Our Audit Committee and the monitoring agency will monitor the utilisation of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds, including interim use in its financial statements for such fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such unutilised Net Proceeds.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee will make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) 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 actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Section 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue without being authorised to do so by our Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to our Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act, 2013 and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Kannada, the regional language of the jurisdiction where our Registered Office is located. In accordance with the Companies Act, 2013, our Promoter 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 our Articles of Association, the Companies Act, 2013 and the SEBI ICDR Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter Group, our Directors, our Key Managerial Personnel or our Group Companies. Our Company has not entered into nor has planned to enter into any arrangement/ agreements with our Promoters, our Promoter Group, our Directors, our Key Managerial Personnel or our Group Companies in relation to the utilization of the Net Proceeds of the Offer. There are no existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoters, Promoter Group, our Directors, our Key Managerial Personnel or our Group Companies.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the 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 quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 2 each 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.

Bidders should read the below mentioned information along with "*Our Business*", "*Risk Factors*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 297, and 367, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe that some of the qualitative factors which form the basis for computing the Offer Price are as follows:

1. Advanced manufacturing processes, engineering expertise and quality assurance;
2. Strategic supplier with a diversified business and product portfolio;
3. Diversified customer base with long-term relationships and customer stickiness;
4. Global delivery model, with "end-to-end" capabilities;
5. Robust technological, innovation and R&D capabilities in an industry with high barriers to entry, enabling us to seamlessly harness emerging trends; and
6. Strong parentage, and skilled, experienced and qualified workforce and senior management

For further details, see "*Our Business – Strengths*" on page 239.

Quantitative Factors

Certain information presented below, relating to our Company, is derived from the Restated Summary Statements. For further details, see "*Restated Summary Statements*" on page 297.

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 ("EPS"), as adjusted for changes in capital:

(in ₹)

Financial Period	Basic EPS	Diluted EPS	Weight
Financial Year 2021	(11.35)	(11.35)	3
Financial Year 2020	(5.48)	(5.48)	2
Financial Year 2019	(4.44)	(4.44)	1
Weighted Average	**(8.24)**	**(8.24)**	-
For period ended June 30, 2021	(0.67)	(0.67)	

<u>*Notes:*</u>

(1) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period (as adjusted for note 6 below).

(2) Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares (as adjusted for note 6 below).

(3) Weighted average, basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight. Weights applied have been determined by the management of the Company. Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. sum of (EPS x Weight) for each year/Total of weights.

(4) In accordance with the Indian Accounting Standard (Ind AS) - 33 Earnings Per Share, specified under Section 133 of the Companies Act 2013, read with relevant rules issued thereunder, the effect of CCPS is anti-dilutive and hence the impact of the same has been ignored in the computation of diluted EPS.

(5) Basic and Diluted EPS for three month period ended June 30, 2021 are not on annualized basis.

(6) Pursuant to the board resolution and shareholders' resolution dated October 27, 2021, equity shares of face value of ₹10 each of our Company were sub-divided into equity shares of face value of ₹ 2 each.

(7) The Earnings per share information for the period ended June 30, 2021 and June 30, 2020 are not annualized.

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

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on Basic EPS for period ended June 30, 2021	**[●]**	[●]
Based on Diluted EPS for period ended June 30, 2021	**[●]**	[●]

3. Industry P/E ratio

	P/E Ratio
Highest	[●]
Lowest	[●]
Industry Composite	[●]

Notes:

(1) The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see "– Comparison of Accounting Ratios with Listed Industry Peers" on page 96.

4. Return on Net Worth ("RoNW")

As derived from the Restated Summary Statements of our Company:

Particulars	RoNW %	Weight
Financial Year 2021	56.84%	3
Financial Year 2020	65.78%	2
Financial Year 2019	168.00%	1
Weighted Average	78.35%	
For period ended June 30, 2021(3)	3.28%	

Notes:

(1) Return on Net Worth (%) = $\dfrac{\text{Restated net profit after tax for the year / period attributable to the equity Shareholders of the Company (before considering other comprehensive income)}}{\text{Restated net worth for the year / period}}$

(2) 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, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation

(3) RoNW for three month period ended June 30, 2021 is not on annualized basis

(4) Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. sum of (RoNW x Weight) for each year/Total of weights.

(5) The disclosure of return on net worth is arithmetically calculated on the basis of the above computation. Considering the negative net worth, return on net worth is not determinable.

5. Net Asset Value per Equity Share

Net Asset Value per Equity Share	(₹)
As on June 30, 2021	(6.22)
After the Offer	[●]
Offer Price	[●]

Notes:

1. Net Asset Value per share = $\dfrac{\text{Total Assets as at the end of the year/period less Total Liabilities as at the end of the year/period}}{\text{Number of equity shares outstanding at the end of the year / period (as adjusted for changes in capital)}}$

2. Net Asset Value includes the revaluation reserves.

3. After considering the impact of sub-division of each equity share of a face value of ₹ 10 each to five Equity Shares of a face value of ₹ 2 each on October 27, 2021.

6. Comparison of Accounting Ratios with Listed Industry Peers

Name of Company	Face Value	Revenue, for Financial Year 2021	EPS, for Financial Year 2021 (₹)		NAV, as on March 31, 2021 (3,4)	P/E(1)	P/B(5)	RoNW, as on March 31, 2020(2,3) (%)
	(₹ Per Share)	(in ₹ million)	Basic	Diluted(1)	(₹ per share)			
Maini Precision Products Limited	2	4,368.04	(11.35)	(11.35)	(5.74)	[●]	[●]	N.A.
Listed peers								
Sona BLW Precision Forgings Limited	10	15,686.41	3.76	3.75	22.76	185.93	30.72	16.50
Bharat Forge Limited	2	65,051.59	-2.71	-2.71	116.99	N.A.	6.75	-2.33
Lakshmi Machine Works Limited	10	18,061.02	41.75	41.75	1666.47	211.29	5.29	2.51
MTAR Technologies Limited	10	2,477.42	16.99	16.99	154.99	99.88	10.95	9.66
Sansera Engineering Limited	2	15,723.64	21.02	20.55	189.35	38.53	4.28	12.36

Notes:
(1) P/E Ratio has been computed based on the closing market price of equity shares on BSE on October 19, 2021 (except for our Company, where it has been based on the Offer Price) divided by the Basic EPS.
(2) RoNW is computed as net profit after tax divided by closing net worth.
(3) Net worth has been computed as sum of equity share capital and other equity and less other reserves.

(4) NAV is computed as the total assets as at the end of the period/year less total liabilities as at the end of the period/year divided by the number of equity shares outstanding at the end of the period/year (as adjusted for changes in capital).
(5) P/B Ratio has been computed based on the closing market price of equity shares on BSE on October 19, 2021 (except for our Company, where it has been based on the Offer Price) divided by NAV as on March 31, 2021.

The Offer Price is [●] times of the face value of the Equity Shares. The Offer Price of ₹ [●] has been determined by our Company and Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. The trading price of Equity Shares could decline due to factors mentioned in "*Risk Factors*" on page 30 and you may lose all or part of your investments. Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 30, 238, and 367 respectively, to have a more informed view.

STATEMENT OF SPECIAL TAX BENEFITS

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STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO MAINI PRECISION PRODUCTS LIMITED (THE "COMPANY"), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The Board of Directors,
Maini Precision Products Limited
B-165, 1st Stage, 3rd Cross, Peenya Industrial Estate,
Bengaluru – 560058

Dear Sirs,

Re: Statement of Special Tax Benefits available to Maini Precision Products Limited and its shareholders under the Indian tax laws.

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the "Annexures"), prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures, under:

   - the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2021 applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23, presently in force in India; and

   - the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable State / Union Territory Goods and Services Tax Act, 2017 ("GST Acts"), as amended from time to time, the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2021 applicable for the Financial Year 2021-22, Foreign Trade Policy 2015-20 as extended till 30.09.2021 vide Notification No 60/2015-20 dated 31.03.2021 (unless otherwise specified), presently in force in India.

   The Act, the GST Acts, Customs Act and Tariff Act, as defined above, are collectively referred to as the "Relevant Acts"

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.

3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Company. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the "Proposed IPO") by the Company.

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

   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

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

6. This Statement is issued solely in connection with the proposed offering of equity shares of face value Rs 2 each of the Company and is not to be used, referred to or distributed for any other purpose.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 21061207AAAAGS8394
Place of Signature: Bengaluru
Date: December 13, 2021

ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO MAINI PRECISION PRODUCTS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Under the Income-Tax Act, 1961 (hereinafter referred to as 'the Act'), as amended by the Finance Act 2021, applicable for Financial Year 2021-22 relevant to Assessment Year 2022-23.

1. This Annexure sets out only the special tax benefits available to the Company and its shareholders under the Act, 1961 i.e. the Act as amended by the Finance Act, 2021 applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23, presently in force in India.

2. **Special tax benefits available to the Company under the Act**

2.1. **Deduction in respect of employment of new employees - Section 80JJAA of the Act**

As per the provisions of section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent 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. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

2.2 **Deduction in respect of inter-corporate dividends – Section 80M of the Act**

Up to 31st March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1st April 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, 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. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

2.3 **Additional depreciation – Section 32 of the Act**

Subject to the specified conditions under Section 32(1)(iia) of the Act, the assessee engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power is allowed additional depreciation at the rate of 20% on any new plant and machinery installed after 31 March 2005.

2.4 **Lower corporate tax rate - Section 115BAA of the Act**

Section 115BAA of the Act has been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 (assessment year) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail the deductions/exemptions as specified in the section (e.g. additional depreciation, deductions under chapter VI-A other than provisions of Section 80JJAA and 80M, Investment allowance in backward areas, expenditure on skill development etc.)

In case a company opts for section 115BAA of the Act, provisions of Minimum Alternate Tax ["MAT"] under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

Provided further that, where the company fails to satisfy the conditions mentioned in the section in any previous year, the option shall become invalid in respect of the assessment year relevant to the previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.

3. **Special tax benefits available to Shareholders**

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed above).

In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

4. **NOTES:**

4.1. This Annexure sets out only the tax benefits available to the Company and its shareholders under the Act, 1961 i.e. the Act as amended by the Finance Act, 2021 applicable for Financial year 2021-22 relevant to the Assessment year 2022-23, presently in force in India.

4.2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.

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

4.4. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.

4.5. The above statement of special tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

4.6. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO.

For **Maini Precision Products Limited**

Chief Financial Officer

Place: Bengaluru
Date: December 13, 2021

ANNEXURE 2

INDIRECT TAXATION

1. This annexure sets out the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act, 2017 read with rules, circulars, and notifications ("GST Law"), the Customs Act, 1962, the Customs Tariff Act, 1975 ("Customs Law"), as amended from time to time, and Foreign Trade Policy 2015-20 ("FTP") as extended till March 31, 2022 vide Notification No. 33/2015-20-DGFT dated September 28, 2021 (unless otherwise specified), presently in force in India.

2. **Special tax benefits availed by the Company under the above-mentioned laws**

   The company is availing the following benefits under Indirect taxes:

2.1. Duty drawback scheme

The company has taken duty drawback of duty paid on import of materials used in manufacture of export goods under Section 75 of the Customs Act. Duty Drawback scheme was introduced as a rebate for customs duty chargeable on any imported materials or excisable materials used in manufacture or processing of goods, manufactured in India and exported. Duty drawback to the extent of 98 percent of the duty paid on certain imported goods can be claimed for re-export, provided the goods are re-exported within two years of payment of import duty subject to fulfilment of prescribed conditions.

2.2. Export Promotion Capital Goods Scheme ('EPCG') license

The Company has taken Export Promotion Capital Goods Scheme ('EPCG') license under Foreign Trade Policy and has availed exemption from basic customs duty, social welfare surcharge and integrated goods and services tax on import of capital goods meant for export production. Further, vide Notification No.23/2021-Customs dated March 31, 2021 the exemption from payment of Integrated goods and service tax (IGST) and compensation cess on imports made under EPCG scheme has been extended up to March 31, 2022.

2.3. Advance Authorization license

The company has taken Advance Authorization license under Foreign Trade Policy and is availing exemption from basic customs duty, social welfare surcharge on import of goods meant for export production. In terms of Notification No. 18/2015 – Customs dated April 1, 2015 (and as amended from time to time),materials imported against Advance Authorisation License under Foreign Trade Policy 2015-20, are exempt from payment of basic customs duty, additional duty, safe-guarding duty and anti-dumping duty, integrated goods and service tax (IGST) and compensation cess. This benefit cannot be claimed along with duty drawback benefit. Further, the said exemption has been extended till March 31, 2022.

2.4. Benefit under Free Trade Agreement

For certain specified goods imported from Korea with which India has a preferential trade agreement, the Company is availing exemption from levy of customs duty/ benefit of reduced customs duty subject to fulfilment of prescribed conditions. By making use of applicable free trade agreements (FTAs), a company can benefit from preferential duty rates (reduced or zero) when importing eligible product. In order to be eligible for preferential duty treatment under the GSP scheme or an FTA, goods have to fulfil a set of conditions that apply to the production and the distribution stages especially the rules of origin.

2.5. Refund on exports under GST

The Company undertakes export of goods from Karnataka. Under the GST regime, supplies of goods which are exported outside India are treated as zero-rated supplies. Such zero-rated supplies of goods can be undertaken without payment of integrated goods and service tax (IGST) under Bond/ Letter of Undertaking (LUT) as per Section 54 of CGST Act, 2017 r.w Rule 89 of CGST Rules, 2017. Under this scenario, the exporter is allowed to claim refund of unutilized input tax credit and the company is availing benefit of the same. The company has not opted for refund on zero-rated supplies of goods with payment of integrated goods and service tax (IGST) covered in Section 54 of CGST Act, 2017 r.w Rule 96 of CGST Rules, 2017

2.6. MEIS and RoDTEP scheme

With respect to export of goods made from Karnataka, the Company was availing duty credit scrips under Merchandise Export from India Scheme ("MEIS") covered in Chapter 3 – Exports from India Scheme in Foreign Trade Policy 2015-20. Per DGFT Notification No. 30/2015-2020 dated 01 September 2020, it has been prescribed that benefit under MEIS scheme was available until December 31, 2020. The Cabinet has also approved a WTO compliant scheme Remission of Duty and Taxes on Exported Products ("RoDTEP") to determine mechanism for reimbursement of taxes, duties/levies at central, state and local level.

The said scheme has come into force from January 1, 2021 and replaces MEIS in a phased manner. The guidelines and applicable rates for the scheme have been notified by the Notification No. 19/2015-2020 dated 17th August 2021. The RoDTEP scheme will reimburse all the taxes or duties which are charged directly or indirectly on the export goods by the Central/State/Local level and not refunded under any of the existing schemes.

3. Special tax benefits available to the Shareholders of the Company

Securities/shares are specifically excluded under the definition of goods and services under GST. Further, dividend income does not qualify as supply under GST. Accordingly, GST is not applicable on purchase of shares by the shareholders and on the dividend income earned on the shares. Also, the shareholders of the Company are not entitled to any special tax benefits under GST.

4. NOTES

1. This Annexure sets out the only the special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable State / Union territory Goods and Services Tax Act, 2017 ("GST Acts") as amended from time to time, the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2021 applicable for the Financial Year 2021-22, Foreign Trade Policy 2015-20 as extended till March 31, 2022 vide Notification No 33/2015-20 dated September 28, 2021 (unless otherwise specified), presently in force in India. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws

2. This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed IPO.

3. This Annexure covers only certain relevant benefits under the above-mentioned indirect tax laws and does not cover any Income Tax law benefits or benefits under any other law.

4. These comments are based upon the provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **Maini Precision Products Limited**

Chief Financial Officer

Place: Bengaluru
Date: December 13, 2021

SECTION IV – ABOUT OUR COMPANY

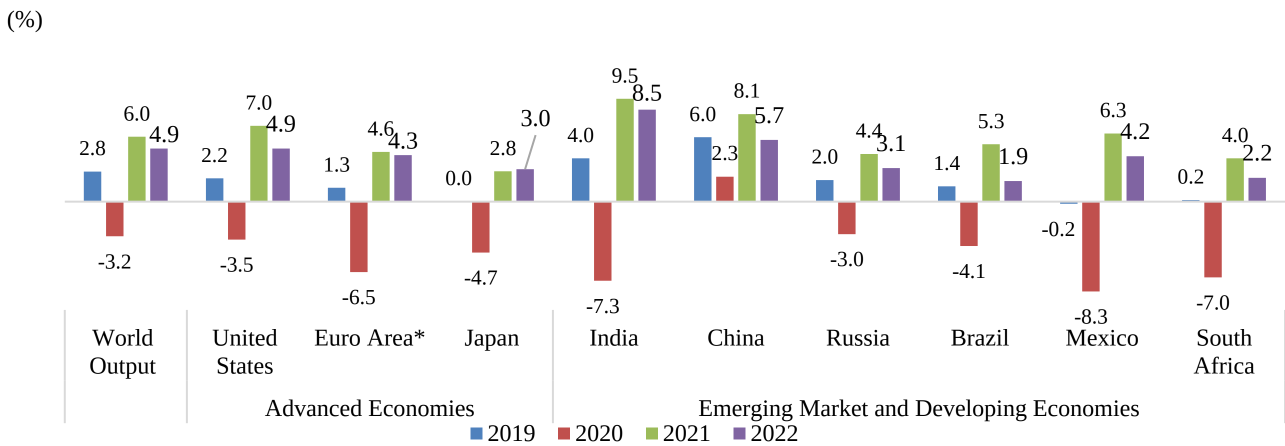
INDUSTRY OVERVIEW

*Unless otherwise indicated, or unless the context otherwise requires, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of market potential for specific precision components" (the "**CRISIL Report**"), prepared and issued by CRISIL Limited in October 2021, and exclusively commissioned and paid for by our Company in connection with the Offer. Unless otherwise indicated, or unless the context otherwise requires, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Please see "Certain sections of this Draft Red Herring Prospectus disclose information from the CRISIL Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks" on page 51. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 17.*

While preparing its report, CRISIL has also sourced information from publicly available sources, including the Company's audited financial statements. The financial information relating to our Company presented in other sections of this Draft Red Herring Prospectus have been derived from Restated Summary Statements. Accordingly, the financial information in this section may not be comparable with the financial information presented elsewhere in this Draft Red Herring Prospectus.

Overview of Global Economy

GDP growth for key economies



*Note: *Euro area includes Germany, France, Italy, Spain*
Source: IMF (World Economic Outlook – July 2021 update), CRISIL Research

Q2 2021 GDP underlines the robust recovery from the pandemic

The shoots of growth are finally breaking through the ground. Second-quarter (Q2) real GDP growth numbers of major advanced economies underline the robust recovery from the pandemic.

However, the transitory nature of inflation is yet to be fully ascertained given divergent trends: even as inflation slowed in July in the United States (US), it has perked up in the euro area, United Kingdom and China.

Hence, the global inflation debate refuses to die down. Major central banks are continuing to adopt a wait-and-watch policy on the recovery before they normalise monetary policy. Moreover, concerns over fresh waves of Covid-19 have surfaced, yet again.

Signs of slowdown in US inflation

US Q2 GDP of 2021 increased by an annualised 6.5%; a tad higher than the Q1 reading of 6.3%. The higher GDP growth was expected, given the impact of fiscal stimulus packages, recovery in labour markets and rising consumption. The increase reflects the rise in personal consumption expenditure (PCE), fixed investment, and exports.

Notably, the PCE figures reflect the increase in services output (particularly food and accommodation), a sector most affected by the pandemic. The rebound in services consumption indicates the sector has benefited from the lifting of restrictions due to faster vaccination and lower number of Covid-19 cases.

The rise in US inflation seems to have halted in July, for the first time in 2021. US Consumer Price Index-linked (CPI) inflation remained unchanged at 5.4% on-year in July. Sequentially, inflation actually fell (0.5% on-month vs 0.9% in June). The indices for shelter, food, energy, and new vehicles all increased in July; crucially, core inflation went down significantly, at 0.3% in July, after increasing 0.9% in June. The July print seems to reinforce the US Fed's constant reminders that high inflation in 2021 may be transitory. However, it may be too early to call this a trend of slowing inflation.

Unemployment rate down in euro area

Euro area's Q2 GDP growth came in at 2%, exiting two consecutive quarters of de-growth. Recovery gained momentum due to lower restrictions and the rapid pace of vaccination supported by government aid. Among the major member countries, Spain, Italy and Germany recorded the highest growth rates at 2.8%, 2.7% and 1.5%, respectively.

While inflation remained unchanged in the US, it continued to climb in the euro area, adding to the inflation concerns. Annual inflation was estimated at 2.2% in July, up from 1.9% in June. Inflation rose across all major components – energy (14.1%, compared with 12.6% in June), followed by food, alcohol and tobacco (1.6%, compared with 0.5%), services (0.9% against 0.7%). Euro area inflation has now breached the 2% target set by the European Central Bank (ECB) for the first time this year.

UK's GDP is estimated to have increased by 4.8% in Q2 of 2021 following the easing of coronavirus (COVID-19) restrictions. Output in services, production, and construction all increased in Q2, with services GDP increasing the fastest (5.7%, after a contraction in Q1).

CPI-linked inflation rose 2.4% on-year in June, from 2.1% in May. But sequentially, inflation continued to slow for the second consecutive month, at 0.4% (compared with 0.5% in May and 0.7% in April). Prices for food, second-hand cars, clothing and footwear, eating and drinking out, and motor fuel rose in 2021, but mostly fell in 2020, resulting in the largest upward contributions to the change in the annual inflation rate.

Bank of Japan to maintain ultra-loose policy

Japan's economy rebounded more than expected in Q2 2021 after slumping in Q1 of this year, showing a sign consumption and capital expenditure were recovering from the coronavirus pandemic's initial hit. It grew an annualised 1.3% in Q2 after a revised 3.7% slump in Q1 2021.

Even as major central banks in the west, the US Fed and the ECB, have started signalling monetary policy normalisation with growth firming up, the Bank of Japan (BoJ) continues to advocate an ultra-loose monetary policy for the economy. In its latest July meeting, the BoJ kept its yield curve control target for Japanese government bonds unchanged at 0% and continued its pace of asset purchases. But, crucially, it stated since inflation in the economy is still away from its 2% target, pre-mature tightening is to be avoided.

In June, CPI inflation went up by 0.2% (from -0.1% in May). In fact, until May, prices in the economy were declining on-year, and June's inflation print is the first positive reading in 2021. However, core inflation was negative, at -0.2%, and has remained unchanged for three consecutive months now, indicating the softness in demand. Major categories that saw a price rise include food (0.1%), fuel (0.6%) and education (1.5%); however, other services such as transportation and communication remained in the deflation zone (-1.8%).

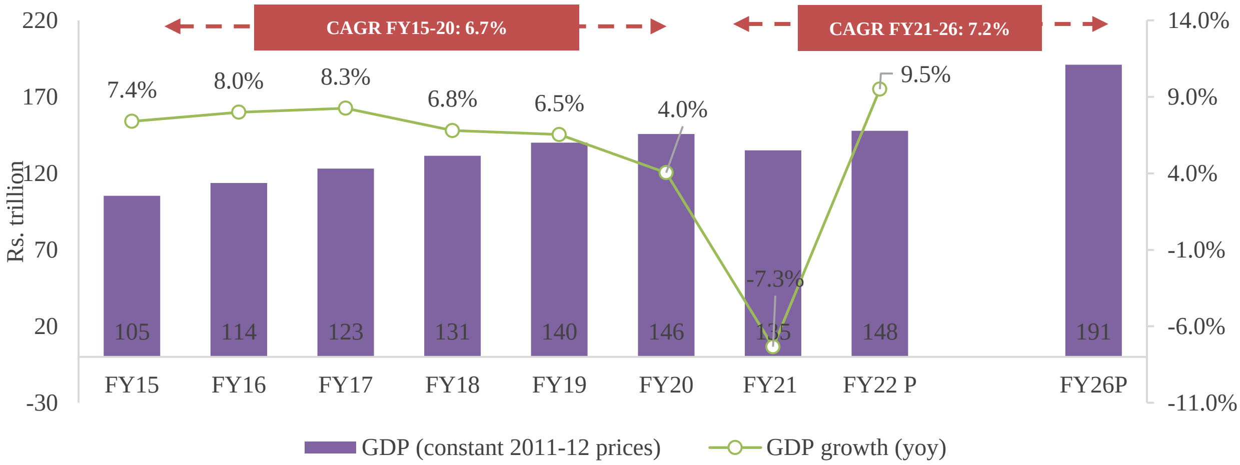
Inflation slows in China

China's Q2 GDP growth was 7.9% yoy, far lower than 18.3% in Q1, due to the low base caused by the Covid-19-related disruption in early 2020. Even though growth was strong in Q2, manufacturing activity seems to be slowing: The Purchasing Managers' Index (PMI) dipped 0.5 points to 50.4 in July. Although remaining above the threshold of 50, indicating expansion. This is the fourth straight month of the slowdown in PMI.

The rate of increase in consumer prices slowed again in China, with CPI-linked inflation at 1% on-year in July, down slightly from 1.1% the previous month. Inflation, however, rose sequentially, and came out of deflation mode (at 0.3%, vs -0.4% in June). Sub-category data showed prices of major groups, including food and clothing declined (-1.8% on-year), while those of most other indices increased: clothing (0.4%), residence (1.1%), health care (0.4%), among others.

1 Overview of Indian Economy

Review of Real GDP growth during FY 2016-21 period and outlook for FY 2022-26



Note: P – Projected, FY21 – Provisional Estimates
Source: National Statistics Office (NSO), IMF, CRISIL Research estimates

Fiscal 2020 was volatile for the global economy. The first three quarters were ensnared by trade protectionist policies and disputes among major trading partners, volatile commodity and energy prices, and economic uncertainty arising from the Brexit. Hopes for broad-based recovery in the fourth quarter were dashed by the Covid-19 pandemic, which has infected more than 127 million people in more than 200 countries (as of March 29, 2021) and counting, leading to considerable human suffering and economic disruption.

Growing restrictions on the movement of people and lockdowns in the affected countries led to demand, supply and liquidity shocks, that resulted in major financial losses and bankruptcies of several players in different industries. India saw one of the world's most stringent lockdowns from March 2020. As lockdowns were gradually lifted, economic activity saw a revival in second half of fiscal 2021. After a steep contraction in the first half of this fiscal, owing to the rising number of Covid-19 cases, GDP growth is estimated to have moved into positive territory towards the end of the fiscal. Supported by normal and largely well-distributed monsoon, and healthy sowing and ground-water situation agricultural GDP is estimated to have grown by 3% on-year. On contrary, manufacturing and services GDP shrunk on account of restrictions in activity and people movement especially during first of the fiscal.

The highly virulent nature of the second Covid-19 wave suggests the lockdowns – even though less stringent than that in the 1st wave - had an impact on the sentiments of the people. Till the vaccination coverage reaches a comfortable level, state governments will not rush to unlock economic activity or will re-impose them at the slightest hint of rising infections.

Data released by the National Statistical Office on August 31 pegged India's first quarter fiscal 2022, or Q1 FY22 real gross domestic product (GDP) growth at 20.1% on-year. But sequentially, it contracted a sharp 16.9%. The high on-year growth number for Q1 does not provide any meaningful inference as it is distorted by a very strong base effect – the economy had tanked 24.4% in Q1 FY21 with the pandemic's onset. In such a situation, sequential and seasonally-adjusted growth numbers provide a better gauge of performance. Sequential (i.e. on-quarter) growth tells us how India weathered the second Covid-19 wave. So while real GDP de-grew 16.9% sequentially in Q1, it contracted by a lower 6.3% in seasonally adjusted terms. The data thus confirms that the second wave did not impact the economy as much as the first, mainly due to calibrated lockdowns.

That said, growth was hit much harder during the first wave, even if the second was more virulent. While healthcare collapsed with the second wave, the economic fallout was cushioned by the localised nature of lockdowns, along with a better 'living with the virus' attitude. We should see this phenomenon play out over the rest of the fiscal as well.

Among the components of GDP, private consumption contracted 8.9% sequentially, reflecting how the second wave has shrunk household balance sheets through subdued wages and heightened medical costs for many. Investment fell 15.2%, despite the government's continued capital expenditure (capex) support. Central government capex at Rs 1.11 lakh crore in Q1 FY22 was not very different from Rs 1.15 lakh crore in the previous quarter. This is suggestive of acute weakness in corporate and household sector investment during the quarter.

Exports2 was the only silver lining, registering growth and containing the overall decline. It not only grew 7.2% sequentially but also surpassed the pre-pandemic level (Rs 7.69 lakh crore in Q1 FY22 vs Rs 7.01 lakh crore in Q4 FY20). This bodes well for employment and income prospects in key export sectors.

In view of these developments, we have lowered India gross domestic product (GDP) growth forecast to 9.5% for this fiscal from 11% expected earlier. This assumes that 70% of India's adult population would be vaccinated by December-end. In the pessimistic case, wherein vaccination slackens and the further waves turn out to be intense, we see GDP growth for this fiscal dropping to 8%.

Risks to growth

- **Below par monsoons:** Domestically, one major risk could be sub-normal monsoon this calendar year. The past two years have seen good rains and chances that they are normal this year too are uncertain because only once in the past 20 years has India seen more than two consecutive normal monsoon years. A monsoon failure can directly shave up to ~50 basis points (bps) off from the fiscal 2022 GDP growth forecast.

- **Covid-19 cases increasing:** India seemed to have got Covid-19 cases under control, with the number of cases declining post September 2020. However, since the end of February 2021, India has witnessed 2nd wave of Covid-19 with the surge in infection cases, leading to state governments taking steps to control the spread including imposing curfews and localised lockdowns resulting in loss of economic output. During the 2nd wave of Covid-19, total daily active cases had crossed 400 thousand mark for the first time in the first week of May. During last week of Aug 2021, daily active cases have dropped around 40 thousand cases. Growth outlook for the fiscal 2022 will further see a downward pressure if India faces further waves of Covid-19 during the fiscal. In case the spread of Covid-19 increases drastically like in the 2nd wave and the concerned authorities put in place more stringent measures to control the same, it can have a debilitating impact on economic activity and thereby growth going forward. Availability of vaccine and pace of vaccination will be a key monitorable; issues pertaining to availability of vaccine is likely to hinder and delay economic recovery.

- **Geopolitical developments**: External developments, most importantly the US-China trade war, have proved to significantly impact global GDP growth as well as export earnings and capital flows to emerging markets such as India. While there is some respite with the signing of Phase 1 of the US-China trade deal, several issues remain unresolved. Any re-escalation of tensions could again work adversely. Geopolitical developments in the Middle East could also disrupt crude oil supply and prices, likely hurting a wide range of domestic macroeconomic parameters, including current account deficit, inflation and GDP growth.

- **Persistent stress in financial sector**: This has been one of the major drags on GDP growth this fiscal. Liquidity issues faced by NBFCs and risk aversion hampered credit growth as well as transmission of monetary policy easing. Easing of constraints in the financial system – a key monitorable – is critical for pick-up in growth.

On June 1, 2020, Moody's downgraded India's sovereign rating to the lowest investment grade and maintained the outlook from stable to negative, as the pandemic had exacerbated India's weak fiscal setting. However, in June 2021, S&P Global affirmed its BBB- long-term sovereign ratings on India with a stable outlook. Prior to the onset of the pandemic, India's GDP growth was slowing, due to existing vulnerabilities such as a weak financial sector and subdued private investment. However, in the light of the production-linked incentive (PLI) scheme, reduction in corporate tax rate, and labour law reforms, along with favourable demographics, India is expected to witness strong GDP growth when the global economy eventually recovers, supported by prudent fiscal and monetary policies.

CRISIL Research expects GDP to grow at 9.5% in fiscal 2022 and at an average of 6.6% between fiscals 2022 and 2026. India to emerge as one of fastest growing major economy across the globe. This growth will be supported by the following factors:

- Focus on investments rather than consumption push enhancing the productive capacity of the economy. In fiscal 2022 the government has set focus on capital expenditure at times when revenue realisation is likely to remain weak.

- Union Budget 2021-22 has also laid out clear focus on mid-term growth trajectory. The government has set the fiscal glide path to 4.5% in fiscal 2026 from 6.8% in fiscal 2022. This underscores government's continued focus on expenditure over mid-term.

- Reforms undertaken over the past few years such as:

- The production linked incentive (PLI) scheme which aims to incentivise local manufacturing by giving volume-linked incentives to manufacturers in specified sectors
- Steep cut in corporate tax announced by government in fiscal 2021 is expected to attract more investments into the country and boost domestic manufacturing sector output over mid to long term
- Key structural reforms such as implementation of Goods and Services Tax (GST) and Insolvency and Bankruptcy Code (IBC) will begin to show its impact over the longer term
- Reform measures aimed at enhancing financial inclusion like Pradhan Mantri Jan Dhan Yojana will broaden the base of the banking ecosystem, leading to higher lending and investment
- Government initiatives like Digital India Initiative will aid digitalisation in the country. This will improve the efficiency in the economy leading to faster growth.

- Raft of reform measures by the government along with a more expansionary stance of monetary policy leading to a steady pick-up in consumption demand
- Policies aimed towards greater formalisation of the economy are bound to lead to an acceleration in per capita income growth

Near term outlook on agriculture, industrial and services GDP

Services sector has been the main growth driver

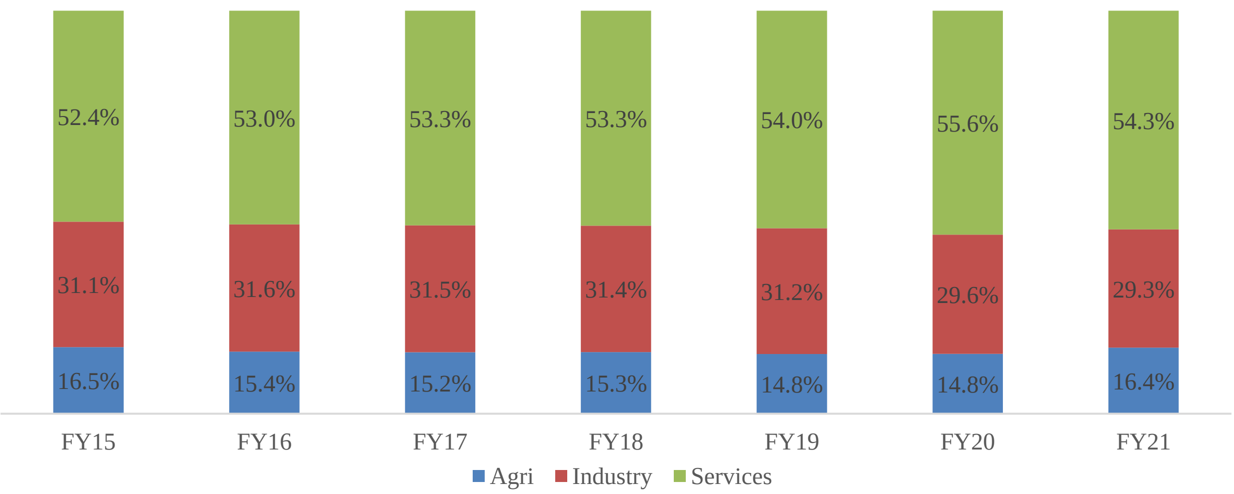
Services sector alone contributes ~55% of India's GDP. Over the fiscal 2015 to 2020 period services sector expanded at 7.7% CAGR increasing its share in overall GDP by from ~52.4% in fiscal 2015 to ~55.6% in fiscal 2020 and dipping to 54.3% in fiscal 2021 due to pandemic.

Industrial sector which is the second largest contributor maintained its share in GDP as the sector grew 7% CAGR over fiscal 2015 to 2019. Industrial contribution contracted in fiscal 2020 with the slowdown in economic development. Before the overall economic activity slowed down in fiscal 2020, growth in India's industrial sector output was supported by Government's make in India initiative, rising domestic consumption and implementation of GST. The government initiatives improved India's ranking in World Bank's ease of doing business ranking by from 142 in 2014 to 63 in 2019.

Economic slowdown was exacerbated in fiscal 2021 amidst the emergence of Covid-19 and the subsequent lockdowns. Services segment witnessed the biggest drop 8.4% y-o-y, followed by industry at 7.0% y-o-y. Agriculture sector was the only sector which clocked a positive growth of 3.6% y-o-y and restricted the drop in GDP.

In turn, during fiscal 2021, agriculture sector witnessed share expansion while services and industry share contracted during the year.

Share of sector in GVA at constant prices



Source: RBI; CRISIL Research

In Q1 of fiscal 2022, agriculture and mining were the only two sectors that registered positive sequential growth of 1.2% and 4.0% (seasonally adjusted), respectively. Manufacturing sector GVA contracted 1.7% sequentially, after growing 5.9% in the previous quarter. It faced a double whammy of falling demand and rising input/raw material costs. Brent crude oil price averaged $68.6 per barrel during April-June 2021, up from $60.6 per barrel in January-March. Likewise, metal and mineral prices had also increased. Overall, manufacturing still fared better than expected and vis-à-vis services, which declined 11.1% (reflecting continuing vulnerability of contact-intensive services).

Review and outlook on Inflation

Inflation down on base effect

CPI inflation moderated to 5.6% on-year in July, compared with 6.3% the previous month and 6.7% in July 2020. The moderation was driven by food inflation, which printed at 4% in July, compared with 5.1% the previous month and 9.3% in July 2020. Fuel inflation was almost stable at 12.4% in July compared with 12.6% the previous month, and higher than 2.7% in July 2020. Core inflation moderated to 5.8% in July from 6.1% the previous month, but higher than 5.6% in July 2020. Sequentially, headline CPI grew 0.2% on-month, driven by fuel (0.6%) and core (0.5%), though food inflation declined 0.2%. Rural CPI inflation moderated to a greater extent, at 5.5% on-year in July compared with 6.2% the previous month, while urban inflation reduced to 5.8% from 6.4%

How key items saw inflation move

CPI inflation for food and beverages combined slowed to 4.5% on-year in July from 5.6% the previous month. Sequentially, prices declined 0.2% on-month as opposed to a 0.5% growth seen in June

- Cereals, vegetables and fruits drove the decline. Cereal inflation declined for the sixth successive month, at -1.7% on-year, though on-month basis, the decline was 0.5%. Vegetable inflation declined for the eighth consecutive month at -7.7% on-year, and by 0.8% on-month. Fruits inflation was 8.9% higher on-year, but 0.9% lower on-month

- Edible oils and pulses also saw inflation easing, as government reduced import duties on these items. Edible oils inflation, while staying high at 32.5% on-year, was 0.5% lower on-month. Reduction in import duty helped cap the rise in edible oil prices, even as international prices jumped 1.1% on-month and 50.4% on-year3. Pulses prices, while 9% higher on-year, were 0.7% lower on-month. Similarly, egg prices were 20.8% higher on-year but 1% lower on-month

- Other protein items, though, continued to see rising inflation. Milk prices rose 2.7% on-year as well as 0.8% on-month. Meat and fish grew 8.3% on-year and 2.2% on-month

- Prepared meals, snacks and sweets prices grew 6% on-year, but declined 0.3% on-month. Sugar and confectionery were 0.5% lower on-year and 0.4% lower on-month

Fuel inflation remained in double digits at 12.4% in July compared with 12.6% the previous month. On-month, prices rose 0.6%, stronger than 0.3% in June. Crude oil prices were 1.8% higher on-month and 73.8% higher on-year at $74.4 per barrel on average in July

Core inflation came back below 6% after two months, at 5.8% on-year in July compared with 6.1% the previous month. Sequentially however, pressures grew, with 0.5% on-month growth compared with 0.2% the previous month.

- Rising sequential pressures were primarily seen for clothing and footwear (6.5% on-year and 0.5% on-month), household goods and services (4.9% on-year and 0.4% on-month) and personal care and effects (3.8% on-year and 0.2% on-month), indicating firms are passing on rising input costs to consumers in these items

- Transport and communication inflation remained in double digits for sixth consecutive month, at 10.5% on-year. Sequentially, too, prices rose 0.9% on-month, driven by rising petrol and diesel prices

- Health inflation remained high, at 7.7% on-year and 0.4% on-month

- Housing inflation inched up slightly, growing 3.9% on-year and 0.3% on-month

WPI inflation eases to 11.2% yoy in July 2021

Inflation based on wholesale price index (WPI) stayed in double digits for the fourth successive month, though the rate moderated to 11.2% yoy in July compared with 12.1% in the previous month. To be sure, WPI inflation, after peaking at 13.1% in May 2021, has been subsiding as the adverse impact of a low base wanes (last year, WPI inflation printed -3.4% on-year in May, -1.8% in June, and -0.2% in July).

However, sequentially, prices have been rising. On a seasonally-adjusted basis, WPI rose 0.5% on-month in July, stronger than 0.2% in the previous month.

Manufacturing WPI has been the key factor fanning WPI. While WPI inflation moderated for food (4.5% on-year in July vs 6.7% in the previous month), and fuel and power (26% vs 32.8%), it rose for manufacturing (11.2% vs 10.9%).

In fact, if we look at CRISIL’s Core Inflation Indicator – a more stable measure of manufacturing inflation that excludes the volatile metals component – it too rose to 8.5% on-year in July from 8.1%. That indicates a broad-based rise in manufacturing costs. Key contributors to the rise have been edible oils (42.9%), textiles (15.6%), and chemicals (11.1%).

Inflation outlook

Inflation continues to face pressure from high international commodity prices, including edible oils and metals, which are at decadal highs and crude oil prices which remain beyond the comfort zone at over ~$70 per barrel. Recent data has indicated firms passing on rising input costs to consumers despite weak demand conditions. We expect the pass-through to gain more steam as domestic demand strengthens in the second half of this fiscal.

The lid on overall inflation will be kept by food, as it benefits from the high base of last year. However, the progress of monsoon and impact of rising global food prices will remain a key monitorable.

Due to these factors, we have revised up our forecast for CPI inflation to 5.8% for fiscal 2022 from 5.3% estimated earlier. Despite the rise, it will be lower compared with 6.2% last year.

Impact of Government policies on automobile industry

Decline in interest rates

Reserve Bank of India (RBI) has maintained an accommodative stance to mitigate the impact of Covid-19 pandemic and have kept repo rate at 4%. This has helped financial institutions to reduce automobile interest rates.

Major banks have reduced their interest rate to the tune of 100-150 bps in fiscal 2021 as compared to last year.

Fuel prices crossing Rs 100

Fuel prices (petrol as well as diesel) in the last few months has increased massively for the vehicle owners. It has dented the consumer sentiment hurting auto sales. The Rs 100 per litre barrier breaching petrol and diesel prices in several cities across India has impacted sale of passenger vehicles and two-wheelers.

Not just the crude oil prices but the high tax rate imposed by central and state governments too have contributed to fuel price hike.

Higher procurement and Minimum Support Price (MSP) to support agricultural activities

Record high procurement of wheat for Rabi 2021-2022 is expected to benefit the farmers in the first half of fiscal 2022. Procurement improved in fiscal 2021 due to lifting of food grains by state governments under Pradhan Mantri Garib Kalyan Ann Yojana (PMGKAY) under which food grain is being distributed free of cost for 3 months to about 80 crore beneficiaries across the country to be beneficial for the industry.

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 at a CAGR (FY20-25) of 4-6%.

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 rural sentiments and hence the tractor sales.

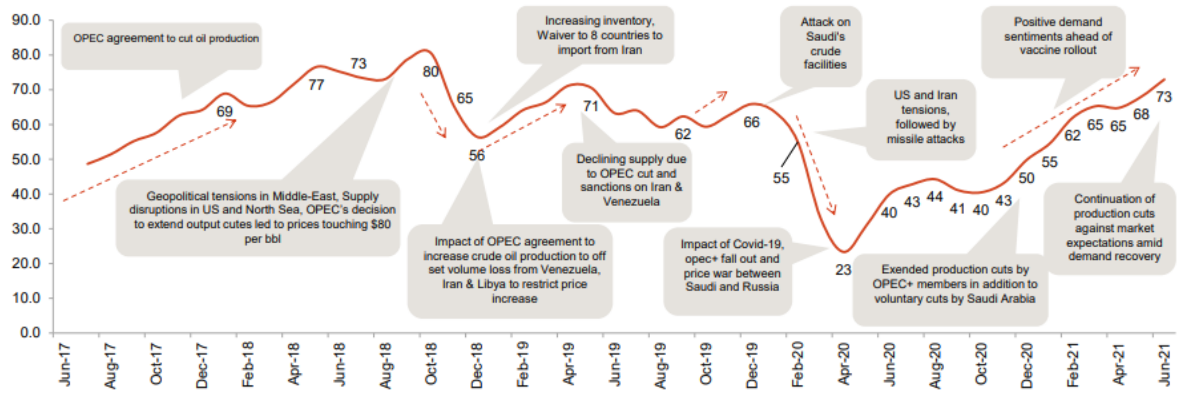
Crude oil price to remain elevated through 2021, stabilise in $40-45 range in the long term

In 2020, crude oil price declined nearly 35% on-year to $42.3 per barrel as demand contracted globally on account of Covid-19. The demand loss was substantial in the second quarter of the year. Thereafter, the price decline was not steep despite the continued fall in global demand amidst the production cuts.

In 2021, oil prices are expected to increase to $65-70 per barrel led by recovery in demand. Also, prices remained elevated in Q1 at $60.6 per barrel due to continued production cuts by OPEC+ (OPEC - Organization of the Petroleum Exporting Countries, OPEC+ is a group of 23 nations led by Saudi Arabia and including Russia) as well as production loss in US due to deep freeze in Texas. Prices increased even further in Q2 to $68.6 per barrel amid production cuts and gradual recovery in oil demand. Going forward, we expect prices to remain below $72 per barrel led by increasing supply by OPEC+ members.

Containment of Covid-19 and rollout of vaccine to remain a challenge. From a crude oil demand perspective, it would be important to see the impact of Covid-19 for the rest of the year, specifically when it will be restricted and to what extent and when economic activities would recover. On the supply side, a production change from Saudi Arabia, the United Arab Emirates (UAE) and other OPEC countries and Russia and any disruptions from the United States (US) have to be closely monitored.

Crude oil price trend ($/barrel)



Source: Industry, CRISIL Research

Prices are expected to be $40-45 per barrel in the next 4-5 years as oil demand would remain sluggish on account of declining global economic growth and fuel diversification. As oil producing nations have heavily invested in the upstream sector, any long-term pact to manage oil supply would not be feasible for longer duration.

Moreover, competition from alternative technologies is expected to play a pivotal role in energy dynamics and significantly impact crude oil demand from the road transport segment. This is especially in the Organisation for Economic Cooperation and Development (OECD) and a few non-OECD countries such as China and India, given the aggressive government push. In the long run, demand is expected to see slower growth considering consumption from road transport would remain sensitive to electric vehicle expansion. This would be further impacted by global economic conditions and trade war among major economies.

As a result, long-term oil prices are expected to settle at $40-45 per barrel through 2025.

Impact of global political, trade environment on Indian economy and Indian enterprises

India-US trade talks

India-US trade pacts are off the table for now, USA had communicated in Aug 2021 to India that it is not interested in a free trade agreement (FTA). India was pulled out of the U.S.'s Generalised System of Preferences (GSP) that granted some tariff relief to its exports by the Trump government in 2019.

The Government will now seek to work on market access issues on both sides, lowering of non-tariff barriers, mutual recognition pacts and adopting common quality standards can also help Indian exports in the interim. There is a possibility that even these issues, which include providing access to U.S. agricultural products or easing import duties on automobiles, etc., would have to be discussed afresh.

Regional Comprehensive Economic Partnership (RCEP)

It is a multilateral FTA between Australia, China, Japan, New Zealand, South Korea, and member states of the Association of Southeast Asian Nations (ASEAN, composed of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam). The 15 member states account for about 30% of the world's population and nearly 30% of global GDP.

On Nov 2019, India decided to opt out of RCEP in the middle of the negotiations. India has trade deficit with most of the RCEP members and the content of the RCEP deal did not provide protection for the Indian economy.

Japan and the other RCEP member states have strongly desired India to come back and join the FTA. From a Japanese perspective, India's return to RCEP would contribute to strengthening the Australia-India-Japan security network vis-à-vis the rising Chinese military presence in the Indo-Pacific region. Hence, the Japanese government has consistently encouraged India to return to the RCEP framework, stating that joining RCEP is in India's interests and would help the entire region prosper.

Anti-Dumping duty on China

To protect domestic industries from cheap imports, India has levied anti-dumping or countervailing duties on various products imported from China. Recently in Jan 2021, India has imposed anti-dumping duty on 99 Chinese products which include chemicals and petrochemicals, fibres and yarn, machinery items, pharmaceutical, rubber and steel items.

Assessment of any other local and global factor which has bearing on prospects for Indian economy or entities

Expected FTA agreements

Due to coronavirus pandemic that has upended the economy and concerns of being shut out from global markets due to developing protectionism attitude across nations, India is fast-tracking negotiations with the United Arab Emirates, Britain, Australia, Canada and the European Union.

India is aiming to conclude an early harvest trade deal, seen as a precursor to an FTA, with Australia by December 2021, while continuing negotiations for a Bilateral Comprehensive Economic Cooperation Agreement. Early harvest agreements allow countries to avoid contentious issues and negotiate tariff reductions on select items.

Since the Covid-19 outbreak, India along with Japan has also been working closely with Australia on a resilient supply chain initiative, which seeks to reduce dependence on China.

India is also working with Britain on an early harvest deal, while India-EU trade talks are set to resume, over five years after they were stalled.

In all, India is currently negotiating 20 FTAs and early harvest deals.

The US-China trade war and the Covid-19 pandemic has laid the need for companies to diversify supply chains outside of China. This has given rise to the "China plus one" strategy, in which multinational firms are moving to other countries, in addition to China. India is expected to be one of the promising nations for diversification by such firms

Such trade agreements and China plus one strategy, is expected to strengthen India's place as a manufacturing hub and have a bigger role in global value chain.

China USA trade talks

According to Peterson Institute of International Economics (PIIE), the average import tariff on Chinese products in USA stands at 19.3% whereas for rest of the world it stands at 3.0%. Similarly, the average import tariff on products from USA in China stands at 20.7% whereas for rest of the world it stands at 6.1%. From Jan 2018 onwards, Donald Trump under his "America First" economic policy, shifted from multilateral trade agreement to bilateral trade agreement to reduce trade deficit.

Trump imposed tariffs on solar panels and washing machines of 30 to 50%. In March 2018 he imposed tariffs on steel (25%) and aluminum (10%) from most countries. In separate moves, the Trump administration has set and escalated tariffs on goods imported from China, leading to a trade war. Currently the tariff on Chinese goods ranges between 7.5% to 25%.

Joe Biden has not taken yet taken any steps on the tariff duty levied by Trump's administration on China. US tariffs have therefore resulted in reduce imports from China, while US companies actually bought more from other countries. US companies are bearing the brunt, since their input cost have gone up. Higher tariffs on Chinese goods in US has therefore improved cost competitiveness of suppliers from competing trade partners including India.

2 Review and outlook of the global aerospace industry

A220-

Airbus A220 is a family of narrow-body airliner. It comes in 2 variants – A220-100 and A220-300. A220-100 is the smallest airliner in Airbus portfolio with 100-135 seats. A220-300 can serve 120-160 passengers.

A220 family is powered by Pratt & Whitney PurePower PW1500G geared turbofan engines.

A320 family – A320/321neo (GTF/LEAP)

The narrow-body aircraft, A320, comes in four sizes – A318, A319, A320 and A321 with seating available for 100 to 240 passengers. A321 is a longer version of A320 whereas A319 is a shorter version and A318, even shorter. A318 is a single aisle aircraft. In December 2010, Airbus re-engineered A320 (which was initially named as A320s and now known as A320ceo (Current Engine Option)) and named it A320neo (New Engine Option).

The first member of the A320 family was the A320, which was launched in March 1984 and first flew on February 22, 1987. The family was extended to include the stretched A321 (first delivered in 1994), the shortened A319 (1996), and the further shortened A318 (2003). A318 has a seating capacity between 90 and 110 passengers, and operates in the short to medium range. A319 has a seating capacity between 124 and 156 passengers.

The Airbus A320neo was re-engineered with CFM LEAP-1A or Pratt & Whitney PW1000G engines (LEAP engine family is manufactured by CFM International (CFM) and GTF engine family is manufactured by Pratt & Whitney) and fitted with sharklets as standard; it is 15% to 20% more fuel efficient than the A320ceo family. In 2020, A320neo had a 45% share in airbus deliveries.

The Airbus A321 also comes with two new engine options – CFM LEAP-1A or Pratt & Whitney PW1100G-LM geared turbofan engines. A321 comes in two variants – A321LR: longer range on single-aisle routes with 206 seating capacity and fly route of upto 4,000 nm (nautical-mile) and A321XLR: extra-long range, with 244 seating capacity and fly route of up to 4,700 nm.

A330neo (Trent 7000)

The Airbus A330neo is from the Airbus A330 family. It is the Airbus's entry-level, wide-body aircraft with a seating capacity of 150-180 passengers. The A330neo is powered by the Rolls-Royce Trent 7000 engine (Trent Engine family is developed by Rolls Royce), which is an electronically controlled bleed air variant of the Trent 1000 engine used on the Boeing 787-10.

A350 (Trent XWB)

The Airbus A350 is the newest member of the Airbus's wide-body family. It is a long range, wide-body jetliner with twin-aisle designed in response to Boeing 787 Dreamliner. The A350 is the first Airbus aircraft largely made of carbon fibre reinforced polymer. Rolls-Royce Trent XWB (extra wide body) turbofan engines power the aircraft. A350 is available in two variants – A350-900: measures 67m with seating capacity between 300 and 350 passengers and A350-1000: measures 74 m with seating capacity between 350 and 410 passengers.

B737 MAX family (LEAP)

Boeing's B737 aircraft is a narrow-body aircraft, all variants powered by LEAP-1B engine. Its fourth generation is known as Boeing 737 MAX (MAX 7 to MAX 10).

737 MAX 7 has a seating capacity of 172 passengers with a range of 3,850 nm. 737 MAX 8 has a seating capacity of 210 passengers with a range of 3,550 nm. 737 MAX 9 also has a range similar to 737 MAX 8 but with a seating capacity of 220 passengers. 737 MAX 9 has a seating capacity of 230 passengers with a range of 3,300 nm.

B777 (GE90)

Boeing's B777 is a wide-body airliner, which was designed to bridge a gap between B747 and B767. Commercial B777 comes in two variants – 777-200LR with a capacity of 317 seats, range of 8,555 nm and length of 63.7 m and 777-300ER with a capacity of 396 seats, range of 7,370 nm and length of 73.9 m. Both the variants are powered by GE90-115BL developed by General Electric (the GE engine family is developed by General Electric).

B777X (GE9X)

The Boeing 777X is the latest series of the long-range, wide-body, twin-engine Boeing 777 family. The 777X features new GE9X engines, new composite wings with folding wingtips, greater cabin width and seating capacity, and technologies from the Boeing 787 aircraft. It comes in two variants – 777-8 with a capacity of 384 seats, range of 8,730 nm and length of 69.79 m and 777-9 with a capacity of 426 seats, range of 7,285 nm and length of 76.72 m

787 Dreamliner (Trent 1000/GEnX)

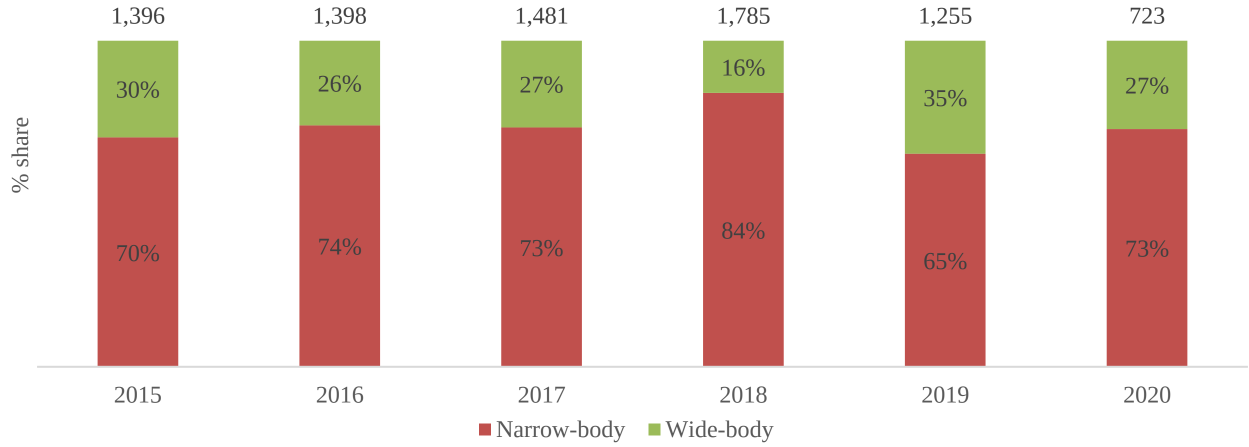
The Boeing 787 Dreamliner is a wide-body aircraft, powered by GEnx-1B / Trent 1000 engine.

It comes in three variants – 787-8: range - 7,305 nm, seats - 248, length - 57 m, 787-9: range - 7,530 nm, seats - 296, length – 63 m, 787-10: range – 6,345 nm, seats - 336, length – 68 m. Boeing 787-8 and 787-9 are offered as Boeing Business Jets (BBJ).

Deliveries by Airbus recorded an 8% growth on-year in 2019; however, Boeing recorded a 60% decline owing to two 737 MAX crashes and the subsequent halt in deliveries as well as grounding of the fleet. The crashes were caused by the aircraft's Maneuvering Characteristics Augmentation System (MCAS), which suddenly activated in response to the erroneous angle of attack information. However, the Federal Aviation Administration (FAA), US, lifted the ban on Boeing 737 MAX effective November 2020. Currently, 34 airlines are operating 737 MAX.

Due to lower operating cost, higher efficiency and longer range, a narrow-body aircraft is preferred over a wide-body aircraft by airline operators. This has boosted sales of the narrow-body aircraft. Moreover, a wide-body aircraft requires higher maintenance compared with a narrow-body aircraft.

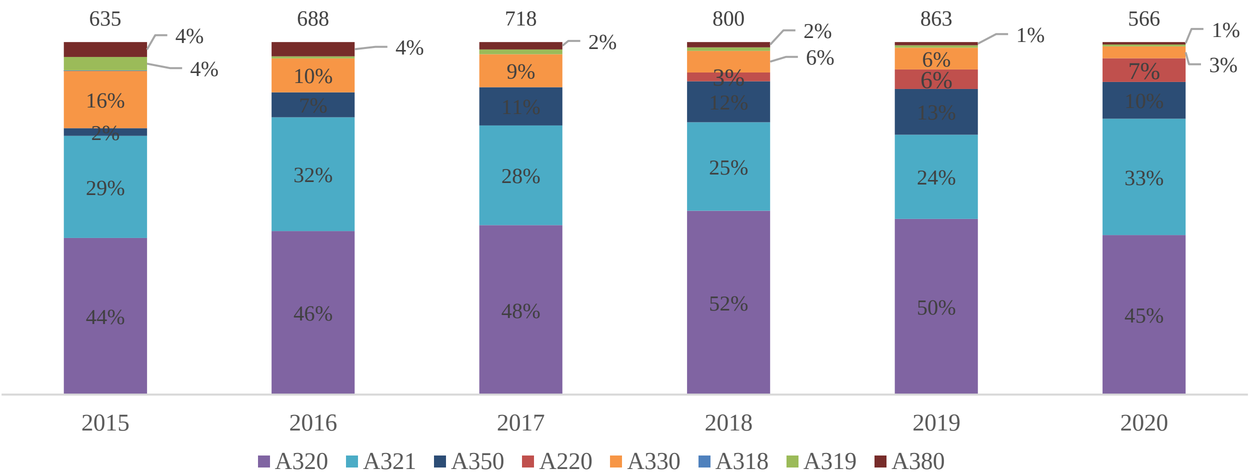
Split by aircraft type



Source: Company reports, CRISIL Research

Between 2015 and 2017, the share of narrow-body aircraft has remained in the range of 70-75% due to its better operating cost metric as compared with the wide-body aircraft. However, in 2018, the share further increased due to high demand for Boeing 737. However, due to Boeing 737 being grounded in 2019, the share has reduced to 65%. Even during the pandemic, the delivery of narrow-body aircraft has been higher compared with wide-body aircraft since very few people are travelling long distance and hence the investment on wide-body aircraft is likely to remain low for the next 2-3 years (i.e. until 2023-2024).

Split by aircraft families for Airbus (deliveries) – number of aircraft



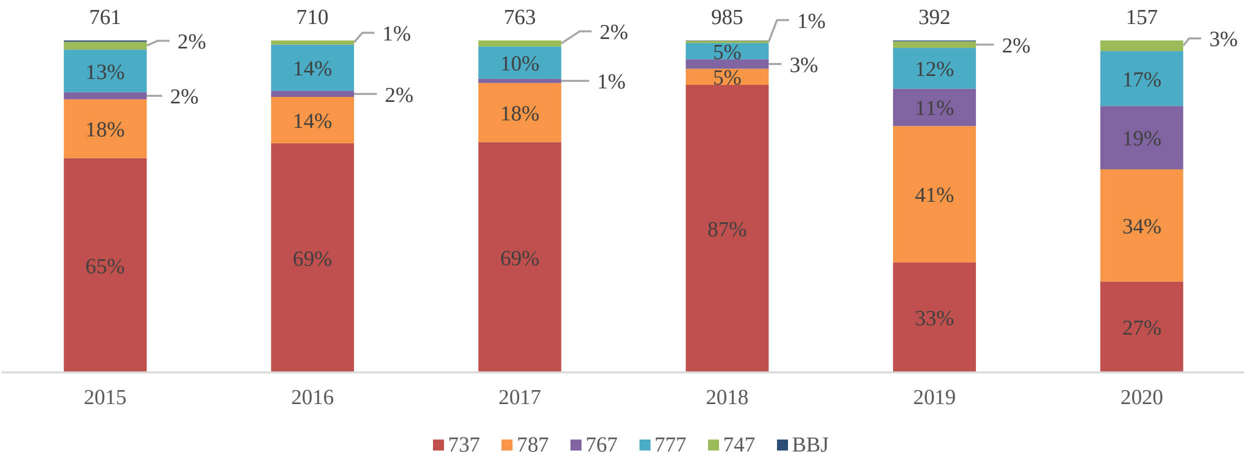
Note: A318, A220, A319, A320 and A321 are narrow-body aircraft; whereas, A330, A350 and A380 are wide-body aircraft

Source: Company reports, CRISIL Research

Airbus A320 and A321 dominate the share because of their narrow-body, single-aisle structures that are preferred by major Low Cost Carriers (LCCs). The A330 aircraft, which was developed in mid-1970s, is a wide-body aircraft and is complemented by A350 that was developed in 2004 with new engines and design. The share of A350 has increased gradually because of better cost economics led by better fuel efficiency.

Due to Covid-19, the production of Airbus A320 was stopped since fleet across the globe was flying at minimal utilisation levels. Since, the aircraft have been grounded for a long period now, Airbus A320 family aircraft are suffering from operational disruptions owing to airspeed discrepancies. The reports prompted Airbus to carry out further computer simulations, which suggested that problems with two out of three sensors may affect the plane's stability during take-off, though none of these events happened in operations. Unreliable cockpit indications during the first flight of jets leaving storage have called for operators of all aircraft models to be vigilant. Airbus has set up a Covid-19 safety task force aimed at safely rebooting activities from airlines to factories.

Split by aircraft families for Boeing (deliveries) – number of aircraft



Note: Boeing 737 is narrow-body aircraft; from 747 to 787 all are wide-body aircraft, BBJ variants are available in both narrow and wide-body models
Source: Company reports, CRISIL Research

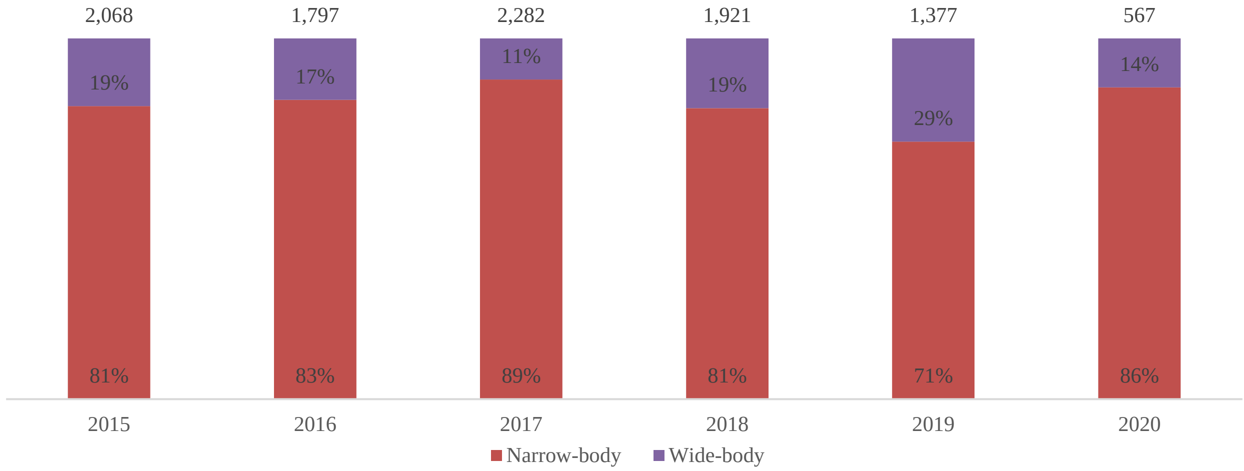
Boeing 737, the single-aisle, narrow-body aircraft has dominated over other aircraft families of Boeing. In 2018, driven by high demand, the company decided to increase B737 production leading to its share improving to 87% in 2018 from 69% earlier. However, its share drastically reduced to 33% in 2019 after the two fatal crashes.

Wide-body aircraft, B777 and B787, also occupy a reasonable share. Share of both these aircraft has consistently improved barring a drop in 2018.

BBJ offers customers with a wide range of Boeing products that can be customised uniquely for the private, business or government sectors. BBJ variants are available in both narrow-body as well as wide-body models.

Boeing saw a cancellation of 650 aircraft in 2020 due to grounding of 737 MAX and the impact of Covid-19. Whereas, Airbus saw a cancellation of 115 aircraft in 2020.

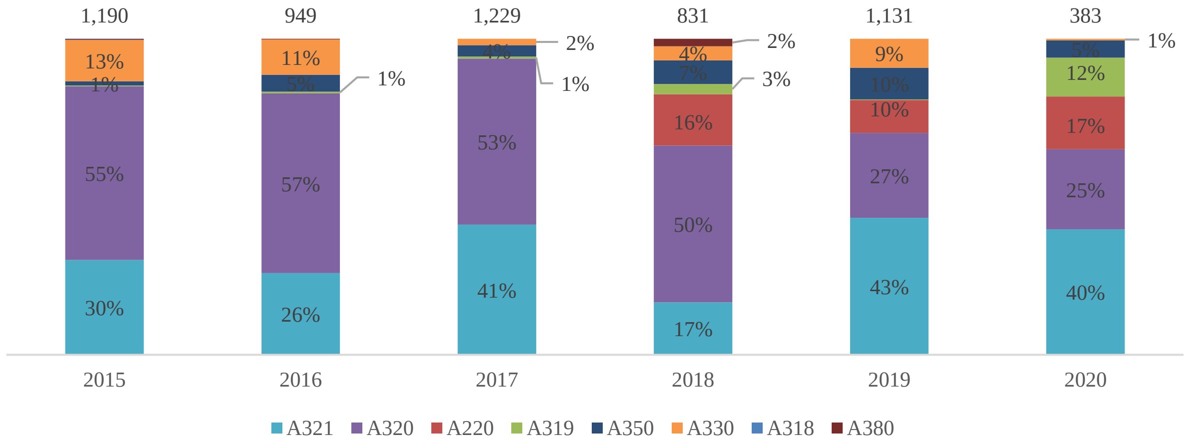
Split by aircraft type



Source: Company reports, CRISIL Research

The narrow-body aircraft has traditionally dominated the commercial aircraft space due to higher regional travel as compared with long-distance travel and beneficial operating cost that was preferred by LCCs. However, the share of narrow-body aircraft dipped in 2019 due to grounding of B737 MAX. Moreover, as the long-distance travel has reduced significantly amid the pandemic, the share of wide-body aircraft has also reduced significantly to 14% in 2020. This trend is likely to remain in the next 2-3 years before travel resumes back to the pre-pandemic levels.

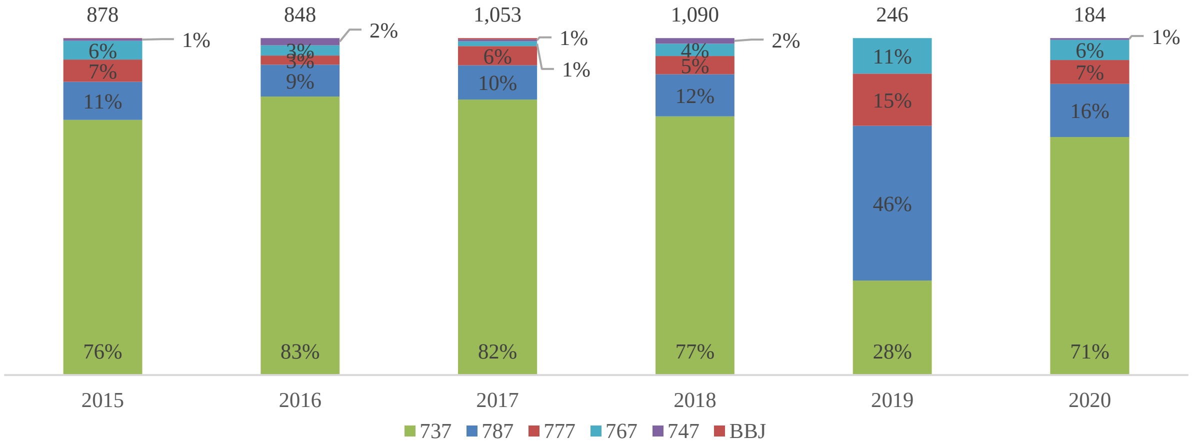
Order book split by aircraft families for Airbus (gross orders) (number of aircraft)



Note: A318, A220, A319, A320 and A321 are narrow-body aircraft; A330, A350 and A380 are wide-body aircraft
Source: Company reports, CRISIL Research

Among the narrow-body aircraft, the share of A220 and A321 has improved over the years on the expense of A320. The share of narrow-body aircraft has always outpaced wide-body aircraft, and the share improved further amid the pandemic in 2020.

Order book split by aircraft families for Boeing (gross orders) (number of aircraft)



Note: Boeing 737 is a narrow-body aircraft; from 747 to 787 all are wide-body aircraft, BBJ is available in both narrow and wide-body models
Source: Company reports, CRISIL Research

Boeing 737 has occupied the highest share in the gross orders of Boeing, except in 2019, when the aircraft was grounded due to two fatal accidents. However, FAA lifted this ban effective November 2020. Though the wide-body aircraft occupies lower share than narrow-body, in 2019, the share of wide-body aircraft had improved due to increase in share of B787 (the newest aircraft) and lower order placement for B737.

Between 2016 and 2018, deliveries recorded a growth of 13% CAGR. In 2018, delivery registered a growth of 21% yoy mainly due to Boeing increased production of 737 and 787 Dreamliner to support high demand.

Commercial aviation industry has seen a rising trend of delivery taking place except for 2019 and 2020. Deliveries by Airbus recorded an 8% growth on-year in 2019; however, Boeing recorded a 60% decline owing to two 737 MAX crashes and the subsequent halt in deliveries as well as grounding of the fleet, resulting in the delivery declining by 30% yoy for the industry. Due to pandemic in 2020, deliveries declined further by 42% yoy.

Recovery of B737

B737 was grounded in 2018, due to two fatal crashes that killed 346 people on board.

However, FAA lifted the ban in the US and allowed 737 MAX to fly again effective last November; China is yet to recertify the jet, hence, Boeing has sent its B737 to China for testing in August 2021. Recently, the Directorate General of Civil Aviation (DGCA) lifted the ban on B737 in India.

The FAA has mandated changes to the flight control system as accident investigators stated that an automated flight-control system, known as MCAS, was responsible for the fatal crashes.

Since the aircraft were in long-term storage, they will have to be brought out of preservation. In addition, there would be pilot training and updating of the engineering manuals. Around 200 hours of maintenance work will also need to be done on each aircraft including de-preservation.

Worldwide 17 operators have permitted operation of 737 MAX, with 34 airlines operating 345 aircraft. United Airlines has placed order for 200 737 MAX in June 2021, taking its combined order book to 380 planes from Boeing. Southwest Airlines has placed order for 100 aircraft (737 MAX) in March 2021 and 34 in June 2021. A few other airline operators have also placed orders for 737 MAX after the ban was lifted.

However, in March 2021, Boeing announced a possible electrical grounding problem with 737 MAX. The situation still remains a key monitorable. Boeing is working closely with FAA and its customers to resolve this issue.

LEAP engine program was launched in 2008 and got commissioned in airline fleet in 2016. LEAP engine program is expected to break even by 2024/ 2025 and expected to remain as active choice in new aircraft deliveries at least for the next 10-15 years.A few major engine variants in current aircrafts are discussed below

LEAP-1A engine

LEAP-1A engine powers the Airbus A320neo single-aisle jet. It claims to reduce 15% fuel consumption and CO_2 emissions, up to 50% in NOx emissions and meets noise reduction standards.

The LEAP-1A uses 3D woven composite material and the resin transfer moulding (RTM) process developed and patented by Safran Aircraft Engines, which makes it possible to produce fan blades that are lighter, stronger and more durable. The low-pressure turbine blades are machined from titanium-aluminide alloy that is lighter and more resistant to high temperatures. The low-pressure turbine rings and blades are made of ceramic matrix composite (CMC) materials, and the fuel injectors are 3D printed.

LEAP-1A has around 150 suppliers located in 14 countries.

LEAP-1B engine

The LEAP-1B engine for single-aisle commercial jet is used by Boeing 737 MAX. It uses similar technology as LEAP-1A engine and claims similar fuel consumption and emission standards as of LEAP-1A.

The engine has a bypass ratio of 9:1 versus 11:1 bypass ratio of LEAP 1A and 1C. Lower the bypass ratio, higher is the fuel consumption because of lower propulsive efficiency of the engine.

LEAP-1C engine

Designed to decarbonise air transport, the LEAP-1C engine powers the COMAC's C919 and is the only Western engine offered on the C-919, a Chinese single-aisle jet.

Technologically, it is similar to the LEAP-1A/1B engine and claims that its fuel consumption and emission standards are similar to that of the LEAP-1A/1B.

Timeline:

Timeline	LEAP-1A	LEAP-1B	LEAP-1C
November 2010			COMAC selects the LEAP-1C as the sole Western powerplant for its new C919 airplane
December 2010	Airbus selects the LEAP-1A as one of the engine options to power the A320		
November 2011		Boeing selects the LEAP-1B as the sole powerplant for its new 737 MAX	
October 2014	Flight test begins		Flight test begins
April 2015		Flight test begins	
November 2015	Receives joint FAA/EASA certification		
May 2016	The LEAP-1A-powered A320neo receives joint FAA/EASA aircraft certification.		
June 2016		Receives joint FAA/EASA certification	
December 2016			Receives joint FAA/EASA certification
March 2017			A321neo with CFM LEAP-1A engines receives joint EASA / FAA certification.
March 2017		Boeing 737 MAX 8 with CFM LEAP-1B engines receives FAA certification	
April 2017	First LEAP-1A-powered A319neo flight	First LEAP-1B-powered Boeing 737 MAX 9 takes to the skies	
May-17			LEAP-1C-powered COMAC C919 completes successful maiden flight

NOTE: FAA - Federal Aviation Administration, EASA - European Union Aviation Safety Agency
SOURCE: Company Reports, Crisil Research

Dominance of LEAP engines

LEAP engines are regarded as the most efficient engine currently available in the market. Since the first LEAP-powered flight entered commercial service in August 2016, the engine program has grown exponentially. This engine program has experienced the fastest order ramp up in commercial aviation history and nearly 1,400 LEAP-powered aircraft have been delivered to more than 136 operators on five continents till date. The LEAP fleet surpassed 10 million engine flight hours and five million flight cycles in less than five years of commercial service. LEAP engine is claims to offer 15 percent improvement in fuel consumption and CO2 emissions compared to previous generation engines in addition to significant reductions in noise emissions.

CRISIL estimates that LEAP engines have a backlog of at least 15,500 engines considering combined backlog of ~9,500 Boeing 737 Max Family and Airbus 320 Neo Family aircrafts. Such a strong current order backlog and expected incremental orders for Boeing 737 Max Family and Airbus 320 Neo Family aircrafts in coming years suggests LEAP engines will remain in supply over the next 10-15 years.

Impact of the Covid-19 pandemic on the global aerospace supply chain

The globally widespread and complex supply chain of the aerospace industry suffered a bottleneck as aircraft manufacturer started ramping up production post the pandemic shock. Due to the pandemic, air carriers had significantly lowered production, leading to a big hit in the toplines of aerospace component suppliers. However, suppliers who were diversified across other industries such as defence were relatively shielded.

Capacity addition in 2018 and 2019

More than the large airframe or engine manufacturer, it was the tier-II or tier-III supplier who took the real hit. Part of the problem was due to the debt taken for capex when demand for air travel looked healthy in the long run. Most suppliers expanded capacity rapidly in 2018 and 2019 to support the overflowing order books of leading aerospace manufacturers; while many added between 15% to 20% capacity, some suppliers added even more. This added capacity now remains unutilised due to the pandemic, with companies unable to service their debt.

Once the pandemic subsides, it is hard to gauge how fast air travel demand will rebound. There are also some single-sourced casting and forging capabilities that are in jeopardy that will not be easily replaced and could disrupt any attempts to revive aircraft production.

Shortage of casting players

Globally suppliers for casting for aerospace and defence applications are limited as casting players are required to have approvals to cater to these applications. Casting for aerospace and defence application is specialised in terms of casting processes, type and grades of raw materials used. Therefore, OEMs and Tier-I manufacturers rely heavily on a few casting players globally creating supply chain bottlenecks and long lead times for the manufacturers.

The situation however presents unique opportunity for casting players with technical expertise to handle casting requirements of aerospace and defence applications. Such players however have to go through rigorous certification process in order to be recognised as approved casting suppliers for aerospace and defence applications. To leverage this opportunity, a few tier I suppliers in collaboration with casting players are attempting to secure necessary certifications from aircraft and engine manufacturers.

Since, aerospace and defence players are seeing India as a manufacturing hub. India can leverage on this opportunity by localisation of certified casting players.

Impact of the pandemic on the aviation sector

To control the spread of the Covid-19 virus and 'flatten the curve’, various control and preventive measures have been recommended or imposed by the governments of different countries, depending upon the local government, socio-economic conditions and cultural context. Strategies include school closures, remote or online teaching, working from home, closure of shops and restaurants, restrictions on public gatherings, social events and meetings, locking down countries or cities, imposing curfews, suspending public transport and taxi operations to limit travel, imposing social distancing norms, closing international borders and airports, etc.

Due to this, the aviation industry was the hardest hit, especially in 2020, when the industry faced a crisis unlike any in the past.

The International Civil Aviation Organization (ICAO) said that just 1.8 billion passengers flew in 2020 which registered a drop of 60% yoy as compared with ~4.5 billion in 2019. Airline travel to post an optical growth and recover in next 2-3 years (assuming no detrimental impact of new wave of virus) on a low base of 2021.

As the pandemic spread globally, the industry came to a virtual standstill by the end of March 2020. Following widespread national lockdowns, by April, the overall number of passengers had fallen 92% from 2019 levels. Even in 2021, when the second wave of the pandemic impacted several countries, travel bans were imposed by a few countries for international as well as domestic travel.

The contraction in demand due to the pandemic, travel restrictions, border closures, corporation travel bans and economic decline having resulted in lower air passenger movement, aircraft values underwent a significant readjustment, particularly for wide-body aircraft.

The longer an aircraft remains in storage, the more expensive its return to service. The values of some aircraft types like the A380, the B747-400 and the B777 have declined; the A330 and B777-300ER, in particular, were already struggling pre-pandemic and have further dipped in value. Media reports suggest that due to the pandemic, narrow-body aircraft values fell between 15-30%, while wide-body aircraft values fell between 20-45%.

The longer the restrictions have been in place, the more likely those with sufficient financial resources will seek to travel beyond national borders. During 2020 and 2021, whenever a window of opportunity for travel emerged, there was a surge in bookings. Travel to regional destinations will be the first to experience an improvement as it requires little planning, which should drive higher demand for narrow-body aircraft, as compared with wide-body aircraft, in the near term. However, wide-body aircraft demand would peak up as soon as the long haul international travel resumes to normalcy

Impact on Airbus and Boeing

Airbus announced in its 2020 results that its topline had declined by Euro 1.1 billion due to a pandemic-induced slump in global travel. Airbus announced at the end of June 2021 that it would cut 15,000 jobs due to the pandemic, reducing its workforce by 11%. The company said in a statement that 566 commercial aircraft were delivered in 2020 and it took a mere 383 (gross orders) aircraft orders in the year, down from 1,131 in 2019.

While the global pandemic had a devastating impact on the entire commercial aerospace industry, 2020 proved particularly nightmarish for Boeing which had to contend with ongoing woes regarding the 737 Max, in addition to the chaos unleashed by the pandemic. This is clearly evident in its net order book for 2020, when Boeing received gross orders for a mere 184 jets, down 25% from 2019 and its lowest figure since 1994.

Higher order cancellations for Boeing's 737 MAX aircraft were clearly evident as contracts allowed for cancellations if aircraft were not delivered within 12 months of the agreed delivery date. For Airbus, customers were contractually obliged to continue to receive aircraft, resulting in reasonably high delivery rates.

While more widespread vaccine access is expected to improve the outlook, several potential risks persist. The emergence of another wave of virus could relay the recovery. There is a possibility that the financial conditions could tighten abruptly amidst stretched asset valuations if there is a sudden reassessment of the monetary policy outlook, especially in the US. It is also possible that stimulus spending in the US could prove weaker than expected. A worsening pandemic and tightening financial conditions would inflict a double hit on emerging markets and developing economies and severely set back their recoveries.

Commercial aircraft delivery outlook for Airbus and Boeing (2021-2030)

The aviation industry has seen periodic demand shocks since the beginning of the Jet Age; however, the industry has recovered from these downturns every time. CRISIL Research believes that, in the current circumstances, air travel will return to 2019 levels only by 2023, and it will take a few more years after that for the industry to demonstrate long-term growth trends. Aviation remains an integral part of transportation systems around the world. The maturing of many emerging market economies will further improve the consumer spending share of economic activity, bolstering demand for air travel. In addition, when emerging from every crisis, the industry has innovated by improving service and value for the traveling public.

Since the COVID-19 crisis began, air cargo has been delivering medicines, medical equipment and other essential commodities, and in keeping global supply chains functioning for the most time-sensitive materials. This has been done through dedicated cargo freighter operations, utilization of cargo capacity in passenger aircraft, and relief flights to affected areas. E-commerce activities is expected to continue even post Covid-19 situation normalises driving the need for cargo jets.

Airlines will focus on building versatile fleets that provide future network flexibility, maximizing capability while minimizing risk, and improving efficiency and sustainability. Narrow-body aircraft will drive recovery as domestic and short-haul markets are forecast to recover earlier, followed by wide-body fleets as airlines progressively bring their networks back online.

3 Review and outlook on the Indian aerospace industry

Key growth drivers of the Indian aerospace industry

Strong economic growth

Having clocked 6.7% CAGR between fiscals 2015 and 2020, India is projected to clock 7.2% CAGR between fiscals 2021 and 2026. Rapid urbanisation, rising consumer aspirations and increasing digitisation, coupled with government support in the form of reforms and policies, are expected to support long-term growth. As per IMF forecasts, India is likely to emerge as the fastest growing country among major global economies in 2021 (9.5%) and 2022 (8.5%).

Continued population growth

As per Census 2011, India's population was ~1.2 billion and comprised ~246 million households. The population, which grew ~18% over 2001 and 2011, is expected to rise ~11% over 2011 and 2021 to 1.4 billion. It is expected to reach 1.5 billion by 2031.

Expansion of the middle class

Rising income levels, education and global exposure have contributed to the evolution of the middle class. As a result, there has been a gradual shift in the consumption patterns of Indians, and a shift towards better products and services.

The objective of the UDAN (Ude Desh ka Aam Naagrik) scheme was to make air travel affordable for common citizens. The scheme has two components - the development of new airports and the enhancement of existing regional airports to increase the number of operational airports. This has led to Investments in modernization and expansion of airports mainly in Tier II cities. Since its inception, over 780 valid routes were allotted to shortlisted airlines, of which only 359 regional connectivity routes are operational at present.

Strong growth in tourism

The tourism industry in India is fast-growing and an increasingly significant contributor to the country's economy. However, the pandemic dealt the industry a very severe blow. However, in the long term, once the situation is under control, tourism is expected to rebound. Vacations, trek experiences, adventure activities had picked up pre-pandemic and even during relaxations in the pandemic, India saw a high number of enquiries for hotel reservations in tourist locations.

In the long term, passenger throughput at Indian airports in fiscal 2026 is expected to be at 480-500 million as Indian aviation gets back to pre-pandemic double-digit growth rates, led by low travel density per capita, a shift from rail travel and increasing air connectivity.

Rail travel substitution

India's domestic air travel market of 142 million passengers in fiscal 2020 represents a very small percentage of the country's total rail passengers. While the size of the rail travel market is not indicative of the potential addressable market for air travel, and while only a portion of rail travel can reasonably be expected to be substituted by air travel in the near future, the substitution of rail travel by air travel presents a significant growth opportunity.

Low aircraft penetration rates

Countries with higher GDP per capita have a higher number of domestic carrier seats per capita when compared with countries with lower GDP per capita. The economic wealth of a nation and air travel are closely correlated: penetration of air travel demand is greater in developed countries than in developing countries, and air travel is expected to improve with the rise in a country's wealth as measured by GDP per capita. Requirement of new aircraft is expected to kick in once the economy stabilises post-pandemic.

The demand-side factors listed above will lead to a growth in air passenger and cargo traffic, fuelling the expansion of the aviation industry in India.

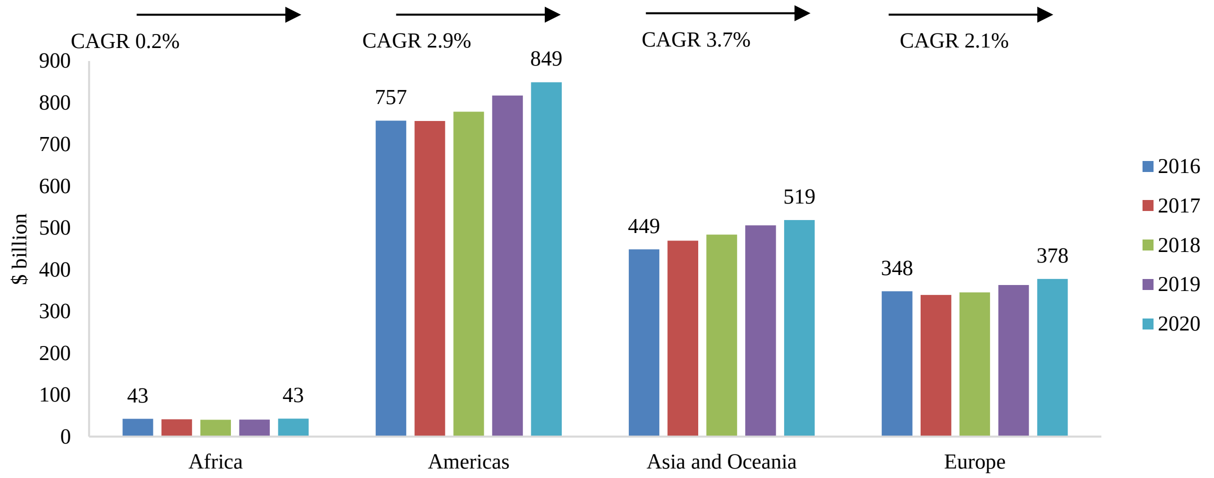
4 Global defence equipment industry review and outlook

Overview of global defence spending and geographic segmentation

While considering the proportion of GDP spent on defence, Russia emerges as the front runner among the top spenders. It spent ~4.3% of GDP on average on defence over the past five years. Russia is closely followed by the US at 3.5% and India at 2.6%. The UK, France and China follow with 2%, 1.9% and 1.7%, respectively. The other major economies typically tend to spend 1-1.5% of their GDP on defence. Smaller developing nations have the tendency to spend a greater percentage of their GDP on defence.

Among the top 15 largest military spenders in 2020, the biggest increase in military burden was in Saudi Arabia, Russia, Israel and the US, owing to the economic impact of the pandemic.

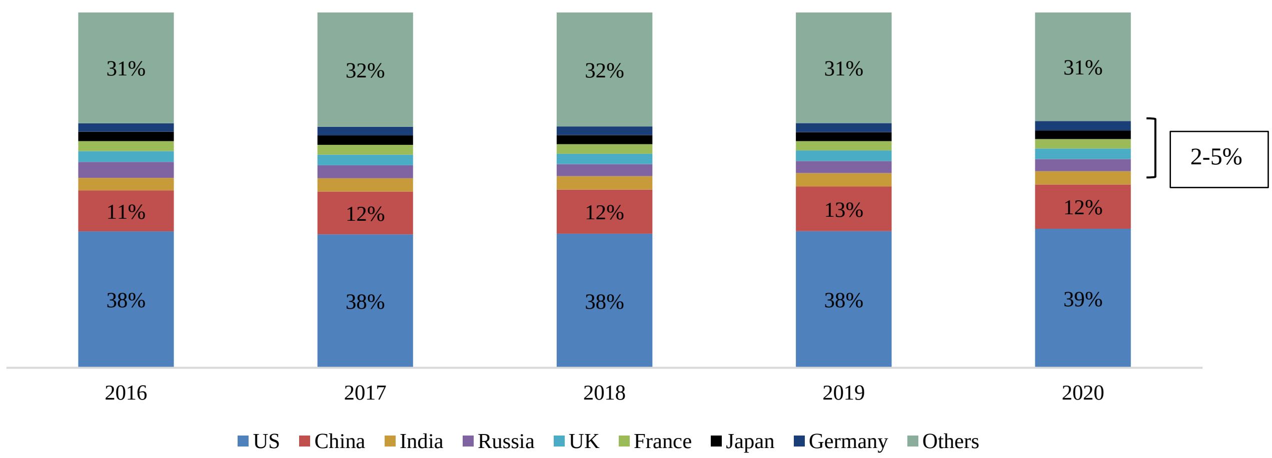
Trend in region-wise military expenditure (2016-2020)



Notes: Figures are in $ billion, at constant 2019 prices and exchange rates. Africa includes North African countries such as Algeria and Libya, and the sub-Saharan region comprising countries such as Niger and South Africa. The Americas include the US and Canada; Central American and Caribbean countries such as Mexico, Cuba, Haiti and Honduras; and South American countries such as Argentina, Brazil and Chile. Asia and Oceania includes central Asian countries; east Asian countries such as China and Japan; south Asian countries such as India and Pakistan; and south-east Asian countries such as Malaysia and Singapore. Europe includes east European countries such as Russia and Georgia; west European countries such as France and Germany; and central European countries such as Hungary and Poland

Source: SIPRI, CRISIL Research

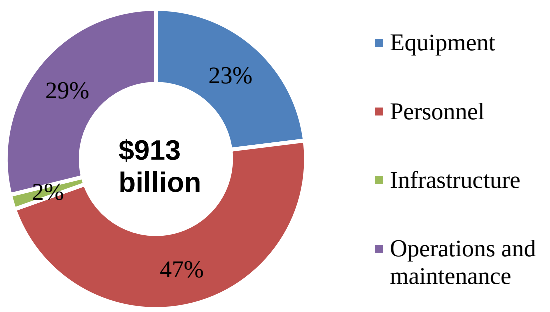
Country-wise share (%) in global military expenditure

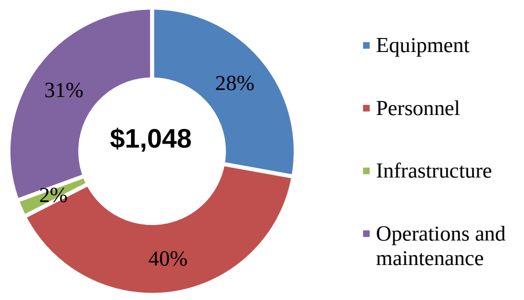


Source: SIPRI, CRISIL Research

Global defence expenditure segmentation - Category

2016 **2020E**





Includes only NATO countries. Prices in $ 2015 constant terms
E: Estimated
Note: Personnel expenditure includes ongoing salaries and pensions paid to retirees; equipment expenditure includes expenditure on major equipment as well as on R&D devoted to major equipment; infrastructure expenditure includes NATO common infrastructure and national military construction
Source: NATO, CRISIL Research

Equipment spends, which include R&D expenditure, modernisation plans and new purchases accounted for 28% of the defence expenditure. The share of equipment has gained over the past five years on account of major advanced economies undertaking modernisation activities amid looming global terror and war-related threats. Expenditure on personnel salaries and pensions to retirees command a major share, ~40% in 2020, followed by operations, repairs and maintenance.

Military expenditure in the Americas grew 4% on-year to reach $849 billion in 2020

North America accounted for the chunk of military spending in the Americas, at ~93%, with the US remaining the largest defence spender globally.

The US military expenditure reached an estimated $778 billion in 2020, growing 4.4% on-year and accounting for 39% of total military expenditure in 2020. The US is perceived as a pioneer in defence among advanced economies. While engaging in conflicts with several nations in the Middle East, the country is also a key exporter of arms and ammunitions, which fuels the demand for a large military budget. The US spends as much on its military as the next 10 countries combined.

The US witnessed a consistent decline in military spend from 2010-2017, largely due to the Budget Control Act, 2011. The Act placed spending limitations on the federal budget every year from 2012-2021 to reduce the country’s large fiscal deficit. However, expenditure has increased in the past three years with lawmakers finding a way to delay the spending cuts required under the Act to future years. The ongoing modernisation of its conventional and nuclear weapon inventories is a key driver behind the rising spend. The increasing manpower costs is also a major addition to it.

Military expenditure in South America fell 2.1% on-year in 2020 at $43.5 billion, largely owing to a drop in spending by Brazil, the sub-region’s largest spender, by 3.1% on-year.

UK, France and Germany lead the pack in western Europe; Russia the largest spender in eastern Europe

Military spending across Europe (which includes western, central and eastern Europe) rose 4% on-year in 2020. Western Europe contributed to 71% of the expenditure, while central and eastern Europe contributed to 9% and 20%, respectively. NATO’s European members continued to hold a higher investment share of defence spending on equipment, allocating an average of 23% of total expenditure in 2020, which is beyond the NATO’s recommended level of 20%.

The UK became the fifth largest spender in 2020 with $59.2 billion. The equipment plan 2020-30 of the UK’s ministry of defence has indicated that the government has allocated nearly 41% of its entire forecast budget to equipment and support projects.

Germany became the seventh largest with $52.8 billion, a 5.2% growth on-year and a massive 28% growth over 2011 spending.

Russia's military expenditure grew 2.5% on-year in 2020, reaching $61.7 billion, which is 6.6% lower than its initial military budget. Russia's annual military expenditure saw significant on-year increases from 2010-2016 owing to a major military modernisation programme. In 2016, the government made a one-off debt repayment of $11.8 billion to Russian arms producers, which largely explains the sharp decline in spending in 2017 and the general downward trend of the military budget thereafter.

China and India top the Asian economies in terms of military spends; Australia accounts for 90% of expenditure in Oceania

Globally, China and India ranked second and third, respectively, in terms of defence spending in 2020.

China's military expenditure grew for the 26th consecutive year, and stood at $252 billion in 2020. However, unlike other major spenders, China's military burden did not increase because of its positive GDP growth in 2020. The country's enormous growth of military expenditure (1.9% in 2019 and 76% over 2011-2020) is propelled by its long-term military modernisation and expansion plans, to catch up with other military superpowers.

Apart from China and India, Japan, South Korea and Australia were the largest spenders in the Asia-Oceania region (which includes Central Asia, East Asia, Oceania, South Asia and South-east Asia). They had a combined expenditure of $439.7 billion in 2020, which was ~85% of the expenditure of the region. Military spending in the region was $519 billion in 2020, a 2.5% on-year growth. China's continued assertiveness and multiple territorial disputes in the South China Sea are major factors driving growth in this region.

Impact of Covid-19 on military expenditure

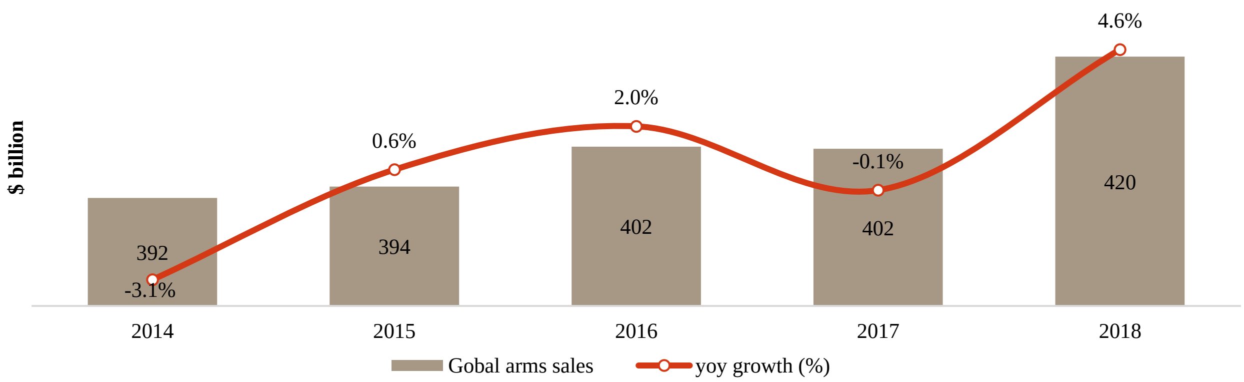
Several countries, including Brazil, Russia, South Korea and Chile, have reduced and diverted military spending to address the pandemic. Most countries have also used military assets, especially personnel, to support the fight against Covid-19.

Military burden in a majority of states increased in 2020 as the GDP of most economies declined. China is an exception, wherein the military burden has decreased.

Hungary, however, took the opposite course and increased its military spending in 2020 in reaction to the pandemic. Covid-19 also disrupted global supply chains, which impacted the arms trade as well.

Global arms sales have risen at 1.8% CAGR from 2014-2018, fuelled by demand from the US, India and Germany

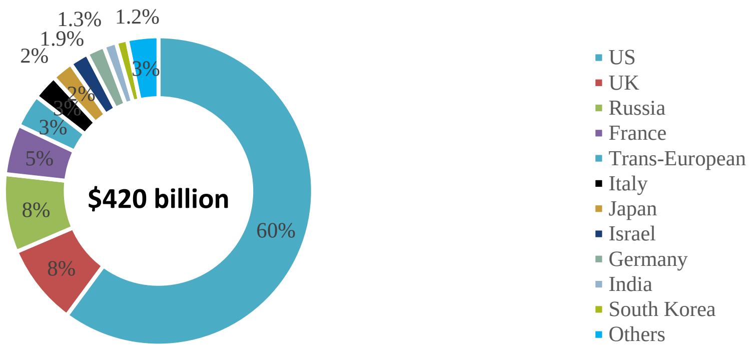
Trend in global arms sales (2014-2018) - Top 100 companies globally



Note: Figures are in $ billion, at constant 2019 prices and exchange rates; data available only till 2018; excludes China on account of data unavailability
'Arms sales' majorly comprise sales of military goods and services to military customers domestically and abroad
Source: SIPRI, CRISIL Research

The top 100 global arms-producing and military services companies recorded $420 billion in sales in 2018, a 4.6% on-year increase. Arms and equipment share accounted for 20-25% of military expenditure. Growth was largely attributed to a rise in sales of the top five companies, all based in the US. Overall growth was due to rising military spends worldwide, especially in the US.

Global arms sales by country (%) - 2018



Note: Data available only till 2018; excludes China; Trans-European refers to companies whose ownership and control structures are located in more than one European country
Others include Sweden, Turkey, Singapore, Ukraine, Poland, Spain, Australia, Canada and Switzerland
Source: SIPRI, CRISIL Research

A large number of companies in the top 100 are based in advanced economies such as the US, Europe and Russia. The US commands a lion's share in the top 100 with 43% representation, closely followed by Europe with 27 companies. Companies set within the US and Europe together account for ~83% of the total arms sales, viz., $348 billion in 2018 (+5.2% on-year).

Country/region-wise arms sales (top 100)

1. 43 companies based in the US amounted to $246 billion in 2018 (+7.2% on-year); 60% share

2. 27 companies based in Europe witnessed a slight rise of 0.7% on-year to reach $102 billion; 23% share. Of these, eight are based in the UK, six in France, six in Germany, and two in Italy, amongst others

   a. Even though the combined sales of companies in the UK was $35 billion (second highest), their share has been dwindling over the past few years, partly on account of ongoing delays in the government arms procurement programme

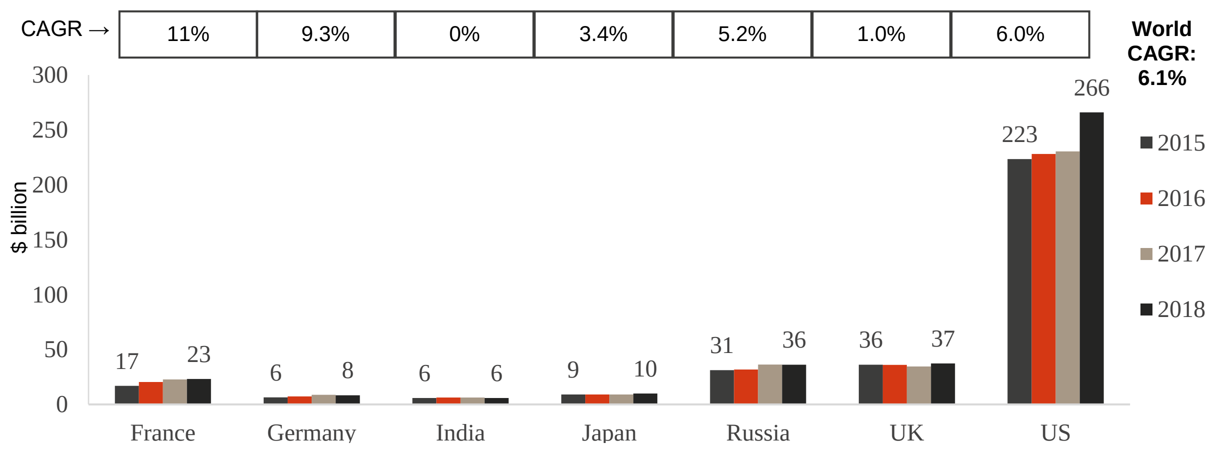
   b. Companies in France posted a combined revenue of $23.2 billion, the second highest in Europe. The country witnessed a sharp increase in arms sales, on account of 30% on-year rise in arms sales of the Dassault Aviation Group reaching $2.9 billion following the export orders of Rafale combat aircraft from Egypt, India and Qatar

   c. Arms sales of two companies in Italy and four in Germany stood at $11.7 billion and $8.4 billion, respectively

3. 10 companies based in Russia drew combined sales of $36.2 billion, a decline of 0.4% on-year. Russia's share declined from 9.5% in 2017 to 8% in 2018. Arms sales rose significantly from 2009 to 2018, driven by rising domestic spending on arms procurement under the military modernization plan

Source: SIPRI, CRISIL Research

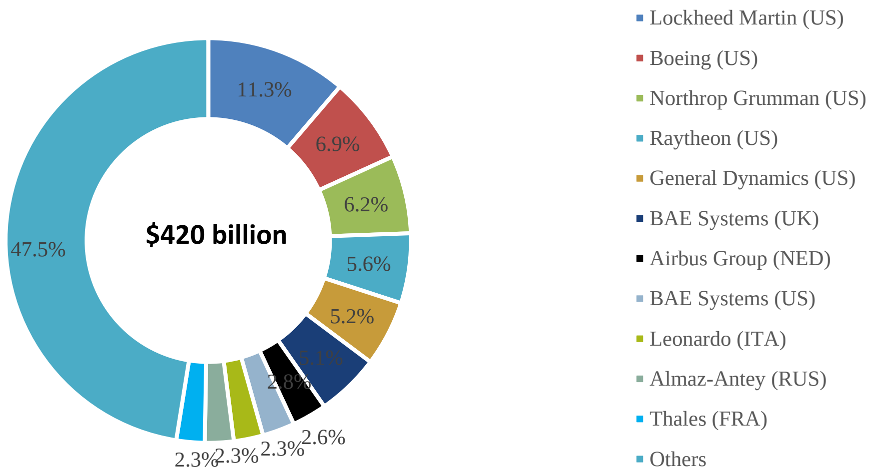
Country-wise trend in arms sales (2015-2018)



Note: Data available only till 2018; excludes China; Figures are in $ billion, at constant 2018 prices and exchange rates
Source: SIPRI, CRISIL Research

Key countries involved in arms trade include the US, followed by the UK and Russia. Global arms sales rose at a CAGR of 6.1% between 2015-2018. European countries such as France and Germany led the pack in terms of growth, registering 11% and 9.3% CAGR, respectively. The US is the largest contributor to the global arms sales with $266 billion worth of sales in 2018, rising at a 6% CAGR owing to strong domestic and export orders. India's global arms sales largely remained muted over 2015-2018, attributed to the delay in order placement activities.

Global arms sales by company (%) - 2018



Note: Data available only till 2018; excludes China
Source: SIPRI, CRISIL Research

The top 10 companies accounted for ~50% of the total arms sales in 2018. The top five were based in the US and had combined sales of $148 billion (35% share). Companies ranking sixth to tenth comprised 15% of the overall share.

1. With arms sales share of nearly 11% in 2018, Lockheed Martin was the largest arms producer and supplier globally. Revenue from arms sales grew 5.2% on-year to $47 billion. It has been the largest arms producer in the world every year in the past decade. A rise in domestic and export deliveries of F-35 combat aircrafts has helped it maintain its leadership

2. Boeing was the second-largest arms producer with $29 billion revenue from arms sales

3. Northrop Grumman, with arms sales revenue of $26 billion (14% on-year growth), was a close third. Its sales growth of $3.3 billion was the highest among the top 100, driven by the acquisition of Orbital ATK and robust demand for its weapons (intercontinental ballistic missiles and missile defence systems)

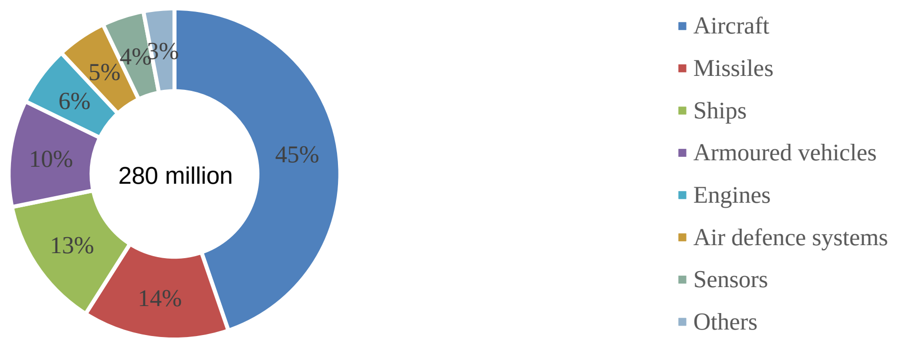
4. Sales of Raytheon (rank four) and General Dynamics (rank five) grew 3.9% and 10%, respectively, to $23 billion and $22 billion

5. BAE Systems (rank six), the largest company in the UK, registered arms sales of $21.2 billion (-5.2% on-year)

6. The Airbus Group (rank seven) made $12 billion from arms sales, a 9% on-year increase, attributed to deliveries of military helicopters and A400M transport aircrafts

7. Leonardo (rank eight), the largest Italian arms producer, recorded arms sales of $9.8 billion (4.4% on-year), attributable to the acquisition of Vitrociset (a diversified IT and military services company)

Share of equipment in global arms sales (average, 2015-2019)



Notes:
1. *Others include artilleries, naval vessels and satellites*
2. *Figures are in SIPRI trend indicator value (TIV), which indicates volume of deliveries of major conventional weapons and components reflecting transfer of military capability (using production costs, rather than its financial value)*
3. *Data is available only till 2018; excludes China*

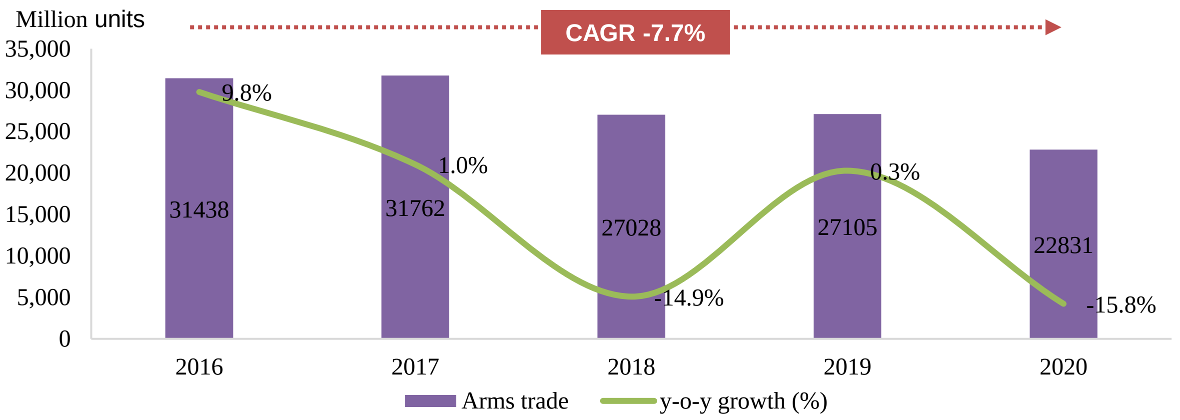
Source: SIPRI, CRISIL Research

Aircraft formed the lion's share (45%) of total arms and equipment sales globally. Missiles and ships held a distant second and third position, with 14% and 13%, respectively.

International arms transfers stayed flat between 2011-2015 and 2016-2020 for the first time since 2001-2005

The volume of international arms transfers declined in 2020 by 15.8% on-year. Volume of deliveries of major arms was lower by a mere 0.5% during 2016-2020 compared with 2011-2015. Though the US, France and Germany – three of the top five arms exporters – saw substantial increase in transfers, it was offset by a significant decline in Russian and Chinese arms exports. Middle Eastern arms imports grew 25% during this period, driven by Saudi Arabia (+61%), Egypt (+136%) and Qatar (+361%), according to SIPRI.

Global arms trade (SIPRI TIV)

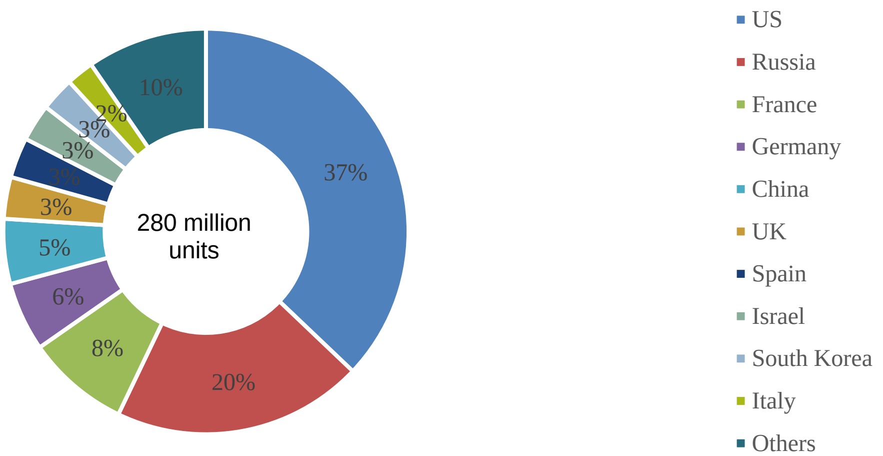


Note: Figures are in SIPRI TIV S
Source: SIPRI, CRISIL Research S

Exports from France, US and Germany rise, from Russia and China decline

The US, Russia, France, Germany and China were the five largest arms exporters over 2016 to 2020 and accounted for 76% of all arms exports. France had the highest growth rate, followed by the US and Germany. The top 25 arms exporters constituted 99% of the total global major arms exports in 2019-2020. States in North America and Europe together accounted for 86% of all arms exports.

Percentage share of key global arms exporters (average, 2016-2020



Notes: 1. % share in SIPRI TIV terms; 2. Others include the Netherlands, Switzerland, Turkey, Sweden, Canada and Australia
Source: SIPRI, CRISIL Research

US

Global share of the US in arms exports grew to 37% in 2016-2020 from 32% in 2011-2015, due to 15% growth in arms exports by the country during the period.

The US delivered major arms to 96 countries in 2016-2020, of which ~47% went to the Middle East, particularly Israel, Qatar and Saudi Arabia. 24% went to Saudi Arabia alone. Notably, there was a decline in exports to the United Arab Emirates and Turkey. Arms transfers to Turkey declined 81% during this period, as in 2019, after Turkey imported air defence systems from Russia, the US halted its deliveries of combat aircraft and suspended the contract.

Asia and Oceania received 32% of the US arms exports amid intensifying rivalry between the US and China. Australia, South Korea and Japan emerged the top five largest importers of the US arms in 2016-2020.

15% went to Europe, which was an increase of 79% over 2011-2015, mainly due to deliveries of combat aircraft that were ordered in 2006-2012.

Europe

The European Union member states accounted for 26% of the total global arms exports in 2016-2020. France, Germany, the UK, Spain and Italy together accounted for ~23% of the global total.

48% of French arms exports were to the Middle East and 36% to Asia and Oceania. In terms of countries, India, Egypt and Qatar together received 59% of French arms exports. Deliveries of aircraft and ships made up 45% and 17%, respectively.

German arms exports to Asia and Oceania made up 38%; Europe, 21%; and the Middle East, 23%. Saudi Arabia was the largest importer in the region, despite the tight restrictions imposed on it by Germany. Ships constituted 46% of the total German arms exports, including 11 submarines. Deliveries of armoured vehicles constituted 15%.

The UK was the sixth largest arms exporter in the world in 2016-2020. Of the 39 countries that it exported arms to, Saudi Arabia received the largest share of 32%.

Russia

Russian arms exports declined 22% in 2016-2020 over 2011-2015, owing to a 53% drop in its exports to India, which was not offset by large increases to other countries such as China, Algeria and Egypt. Despite the drop in exports, India remained the main recipient of Russian major arms, accounting for 23% of the exports. China and Algeria followed with 18% and 15% share, respectively.

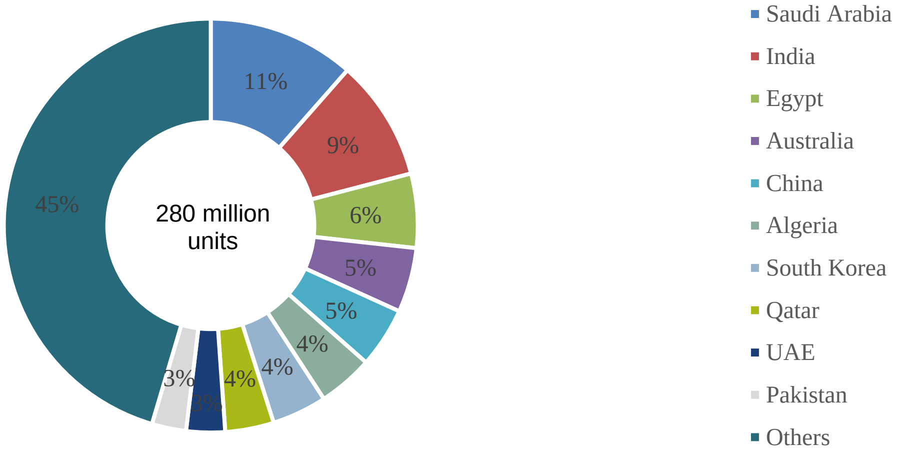
China

Chinese arms exports declined 7.8% between 2011-2015 and 2016-2020, largely due to political reasons. Countries in Asia and Oceania received the largest share (76%), followed by Africa (16%). Pakistan had the single largest share (38%) among the 51 states China delivered arms to.

Egypt among the top five importers in 2016-20

Saudi Arabia, India, Egypt, Australia, and China were the top five arms importers globally and accounted for 36% of total arms imports in 2016-20. At the regional level, Asia and Oceania received 42% of the arms imports, followed by the Middle East (33%), Europe (12%), Africa (7.3%), and the Americas (5.4%).

% share of key global arms importers (2016-20)



Notes: 1. Shares are in SIPRI TIV terms 2. Others include Bangladesh, Singapore, Pakistan, Israel, the UK, and the US
Source: SIPRI, CRISIL Research

India

Arms imports by India declined 33% between 2011-15 and 2016-20. Complex and lengthy procurement processes in addition to attempts to reduce its dependence on Russian arms were the major reasons for the decline.

Russia was the largest arms supplier to India both during 2011-15 and 2016-20, although deliveries dropped 53% between the two periods. France and Israel were the second and third largest suppliers to India in 2016-20, followed by the US.

Combat aircraft and associated missiles made up more than 50% of Indian arms imports in 2016-20.

China

China was the largest arms importer in East Asia in 2016-20. Air defence systems, combat aircraft, and engines for combat aircraft from Russia formed a major portion of its imports. As China manages to consistently manufacture the types of major arms it has generally imported over the years, its imports from Russia are likely to reduce in volume.

Saudi Arabia

Saudi Arabia was the largest arms importer in the world in 2016-20 and accounted for 11% of total global arms imports. The US supplied 79% of its imports followed by the UK at 9.3%. Between 2016 and 2020, 91 combat aircraft from the US and 15 from the UK were procured to strengthen Saudi Arabia's long-range strike capabilities. Fourteen air defence systems were also imported from the US. This indicates that Saudi Arabia could remain among the world's largest arms importers in the coming five years as well.

Egypt

Egypt emerged as the world's third-largest arms importer in 2016-20, owing to a 136% rise in deliveries of major arms between 2011-15 and 2016-20. It received one frigate, two amphibious assault ships, and 21 combat aircraft from France; three submarines from Germany; one frigate from Italy; 50 combat aircraft and 46 ship-borne combat helicopters from Russia; and one corvette from South Korea.

The US is the largest military spender in the world contributing to ~38% of the total global military expenditure and is expected to remain so for the next five years. The Future Years Defense Program (FYPD) of 2021 indicates that the defence budget is likely to remain flat over 2021-25. However, owing to the changing geopolitical scenario, rising military and nuclear capabilities of adversaries like China, Russia, Iran, and North Korea, the defence expenditure is expected to increase at the same pace as in 2015-20.

China's military spending is expected to grow considerably as its 14th Five Year Plan has laid out a civil-military fusion strategy for increased integration of civil research and commercialisation in military and defence sectors. It indicates an ambitious target for modernising and strengthening its army by boosting military training and increased preparedness.

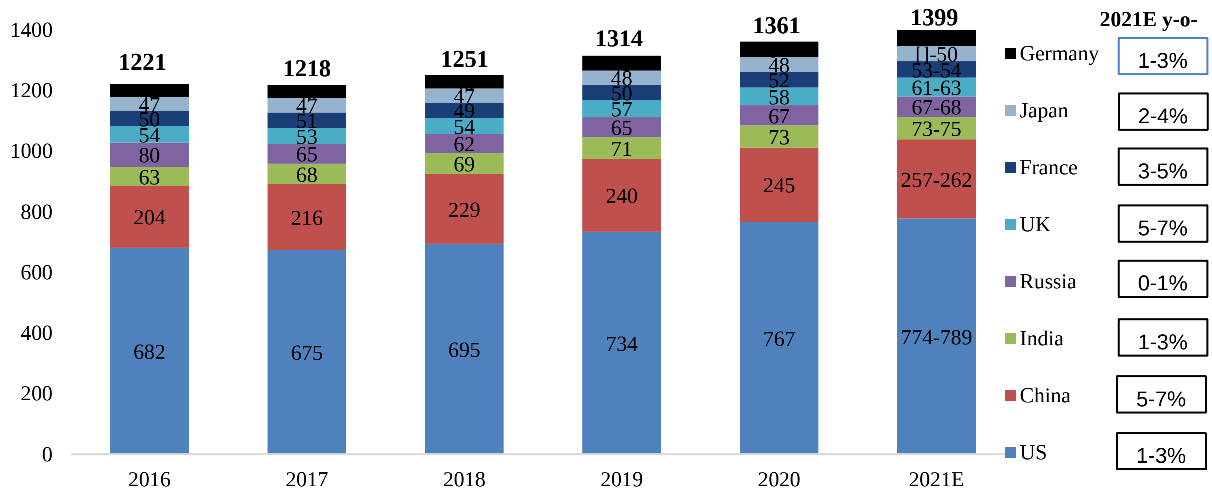
Several European countries, including France and Germany, failed to meet the NATO target of spending 2% of GDP on defence by 2024 that was agreed upon in 2014. Hence, defence spending of countries like France and Germany are also expected to rise to meet the target.

Hostile North Korea and Chinese incursions on Japan's territorial waters over the Senkaku Islands dispute in the East China Sea are expected to spur the military expenditure growth by Japan and effect a breach of the cap of 1% of its GDP on military expenditure.

However, global defence expenditure is expected to be impacted by fiscal pressures caused by the extensive economic assistance programmes enacted to counter the pandemic in 2020 and 2021. The extent of impact of these programmes on global defence expenditure will become evident in the coming years.

In the overall assessment, military expenditure is expected to grow, albeit at a slower pace over 2025-30. Rising economic hegemony of China is expected to position it as the largest economy in the world, surpassing the US by 2030. This could further strain the relationship between the two superpowers. With the economies of the largest military spenders such as the US, China, India, and Russia on a healthy growth trajectory, the share of military expenditure in GDP is most likely to be maintained. Increasing need for modernisation and replacement of arms are also likely to sustain the spending.

Military expenditure outlook for key countries (2021E)



E: Estimated

Source: SIPRI, government defence budgeted expenditure documents, CRISIL Research

Key growth drivers and trends in the industry

The major influencers of rising military spending are global conflicts and/or threat of war.

Perceived threats from Russia, Iran, and North Korea are key drivers of the US military spending. In addition to this, the withdrawal of US troops from Afghanistan ending the longest war in American history is likely to have a significant influence on its military spending in the coming years. Increasing focus on countering the rising Chinese assertiveness is another major factor.

Defence spending in Asia has increased from 17.8% of total global spending to 25.0% in 2020. The increase in the region's spending is driven by China's rise as a regional superpower and the increase in GDP of the Asian nations.

China's defence budget growth in 2021 is influenced by its economic developments and perceived security demands, and is aimed at safeguarding national sovereignty, securing development interests, fulfilling international responsibilities, and meeting the needs of military reforms.

The defence spending in Europe increased ~4% in 2020 on-year. Sharpening threat perceptions since Russia annexed Crimea have led to an increase in defence spending in NATO nations. The threat of Russian influence in

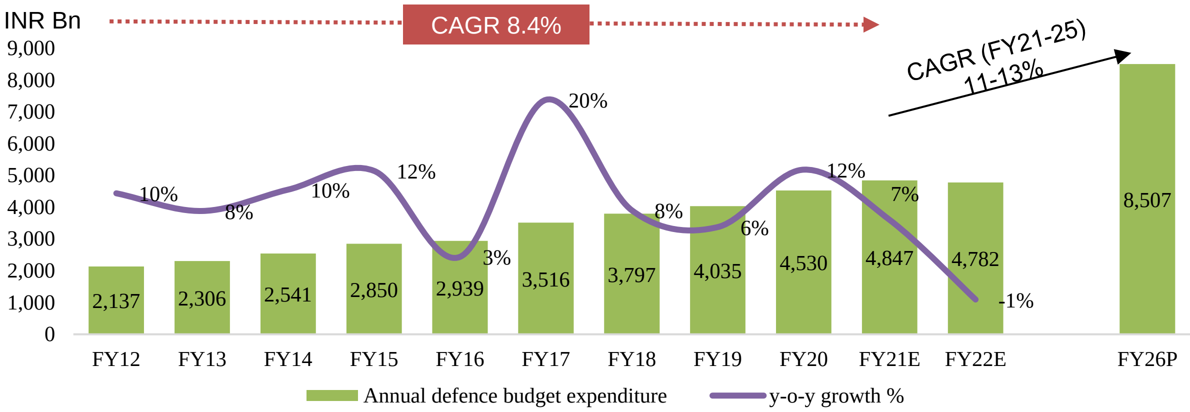
Eastern Europe and violent government aggression against opposition domestically and in Belarus is forcing several Western European nations to raise their military expenditure as a countermeasure.

Poor performance of oil prices is likely to impact defence spending in Middle Eastern and North African countries.

5 Indian defence equipment industry review and outlook

Indian expenditure on defence was Rs 4,847 billion in fiscal 2021, a 7% growth on-year. Defence spending has been taken up on priority by the country and formed 2.1% of GDP in the fiscal. Over the last decade (fiscal 2012-2021), expenditure on defence has increased at a CAGR of 9.5% and has been at 2.2% of the GDP on average. Consistent threats from Pakistan and China have led to rising military expenditure by the country to improve its strategic defence capability.

Annual defence budget expenditure (fiscals 2012-2021)



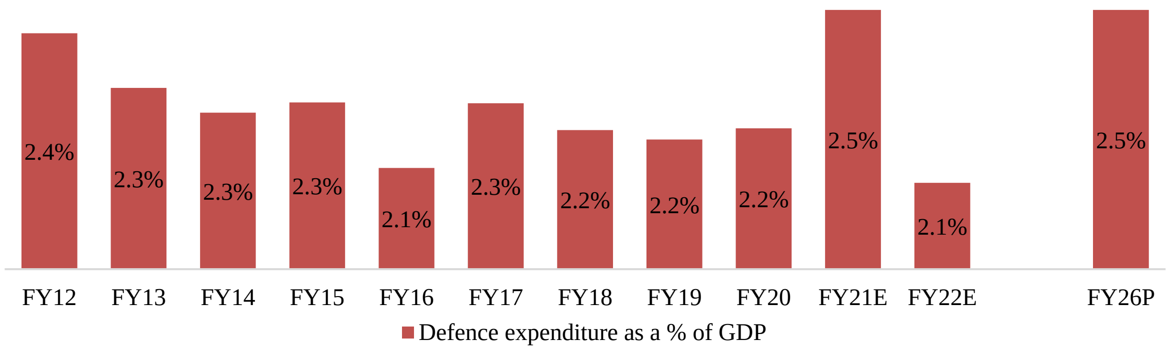
Note: Figures for FY22 are budget estimates and for FY21 are revised estimates.
E: Estimated; P: Projected
Source: The Ministry of Defence, India budget documents, CRISIL Research

The budgeted defence expenditure is witnessing constraints in fiscal 2022 largely due the widespread Covid-19 pandemic in India. The government is expected to face financial crunch due to the pandemic and its aftereffects, as funds are required to be diverted towards upscaling of the poor quality health infrastructure to fight the pandemic. This is expected to limit the expenditure on various key industries, including defence. However, this cutback in defence spend seems temporary and will likely witness a V-shaped recovery in the years ahead. This is because national security is considered the top priority of the government amid rising terrorism and cross-border threats from China and Pakistan.

Apart from this, the defence expenditure saw the slowest growth since fiscal 2012 in fiscal 2016. It was compensated by a surge in expenditure growth to the tune of 20% in fiscal 2017. This indicates that the lack of spends in fiscal 2016 was countered by front loading defence spends in the subsequent years. The defence expenditure between fiscals 2016 and 2021 increased at a CAGR of 10.5%.

Over the next five years, CRISIL Research expects India's defence expenditure to witness robust growth on the back of rising strategic high-tech defence procurement plans (for modernisation of armed forces) in addition to steps taken for promotion of local manufacturing of defence products. CRISIL Research expects a healthy CAGR of 11-13% in defence expenditure between fiscals 2021 and 2026.

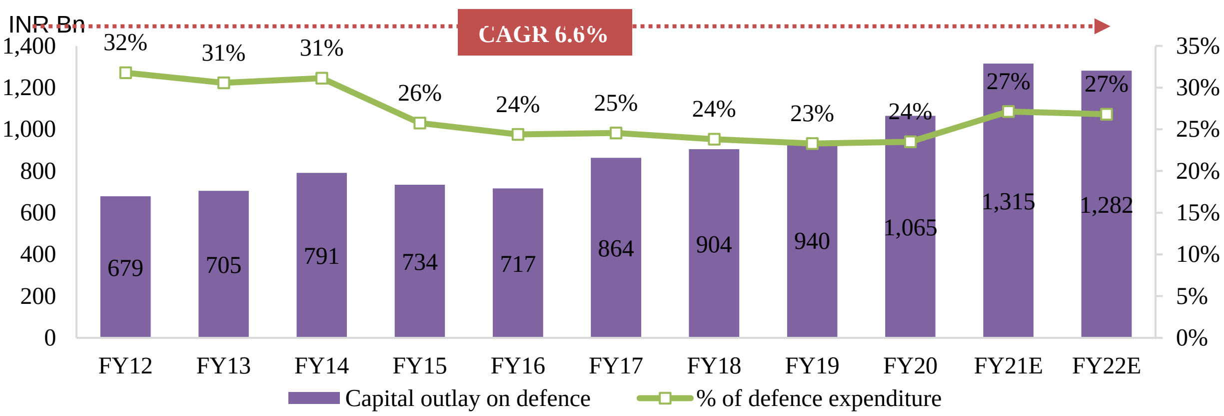
Defence expenditure as % of GDP (FY12-FY26P)



Note: GDP at current prices (base year 2011-12) is considered; figures for FY22 are budget estimates and for FY21 are revised estimates
E: Estimated; P: Projected
Source: The Ministry of Defence, India budget documents, CRISIL Research

Defence expenditure as a percentage of GDP declined from 2.4% in fiscal 2012 to 2.1% in fiscal 2022. However, it is expected to rise to 2.4-2.6% by fiscal 2026, owing to a rise in geopolitical tensions amid budget constraints. That said, the Standing Committee on Defence (2018) has recommended that the Ministry of Defence should be allocated a fixed budget of about 3% of GDP to ensure adequate preparedness of the armed forces.

Capital outlay as a % of defence expenditure



Note: GDP at current prices (base year 2011-12) is considered; Figures for FY22 are budget estimates and for FY21 are revised estimates
E: Estimated
Source: The Ministry of Defence, India budget documents

Capital outlay for defence includes expenditure on construction work, machinery, and equipment such as tanks, naval vessels, and aircraft. Between fiscal 2012 and 2022, capital outlay for defence grew at a CAGR of 7.3%. The share of capital outlay as a percentage of defence expenditure declined from 32% to 27% during this period. Expenditure on capital outlay was 23% higher than budget estimates in fiscal 2021 due to an additional spending of Rs 20,000 crore on naval fleet, aircraft and other equipment for the Indian Navy and the Indian Air Force.

Key growth drivers and influencers for defence sector in India

1. **Defence FDI Policy 2020** - The government increased the FDI limit from 49% to 74% under the automatic route so that foreign players can have majority control of management and operations. This is expected to prompt more foreign players to set up their manufacturing plants in India. Consequently, the government also banned imports of 101 defence items. The move was aimed at widening the manufacturing base, introducing global best practices in the domestic defence sector and creating more jobs. However, firms must ensure the items being produced are 50% indigenous.

2. **Defence Acquisition Procedure (DAP 2020)** – Implemented to streamline and simplify the process of defence procurement, the DAP 2020 supplants the Defence Procurement Procedure (DPP) of 2016. It improves the ease of doing business and reduces delays in procurement. It sets the tone for Make in India initiative in the defence sector and aims for a stronger indigenous manufacturing base. The integration of

AI with platforms and systems and the use of indigenous high-end material has also been envisaged. While the DPP 2016 specified buy and buy and make as the only two modes of capital acquisition, DAP 2020 introduced a new mode – leasing. Equipment that can be designed and developed by DRDO, defence public sector undertakings (DPSUs) and Ordnance Factory Boards (OFBs) will be identified by the procuring agency based on operational requirements. Subsequent procurements from DRDO, DPSUs and OFBs would then be categorised under Buy (Indian – Indigenously designed, developed and manufactured (IDDM)). It aims to foster an innovative ecosystem for entrepreneurs, start-ups and MSMEs and using open competition.

Projects under the sub-category Make-I, with estimated cost of prototype development phase not exceeding Rs. 100 million and projects under Make-II subcategory, with estimated cost of prototype development phase not exceeding Rs. 30 million will be earmarked for MSMEs.

A subcategory, Make III has also been introduced that encourage import substitution from foreign OEM and tier-1 suppliers through local manufacture of components and sub-systems for life time support of assets. Indigenous content has been enhanced across all categories, indicating an intent for greater self-reliance.

Indigenous content requirement for different categories of acquisitions

Category	DPP 2016	DAP 2020
Buy (Indian – IDDM)	40% or more	50% or more
Buy (Indian)	40% or more	50% or more (for indigenous design)
Buy and make (Indian)	50% or more of the 'make' part	50% or more of the make part
Buy and make	Not specified	Category not present
Buy (global – manufacture in India)	Category not present	50% or more
Buy (global)	Not specified	30% or more (for Indian vendor)

Source: DPP-2016, DAP-2020; PRS

Only companies incorporated in India shall be eligible to bid for supply of the 101 items banned from importing (see annexure A for full list) during December 2020 to December 2024. Of the items, the ban on long-range land attack cruise missile is only one that will come into effect from December 2025. Subsidiaries of foreign companies but incorporated in India under the new FDI norms can also bid. The government estimates that the armed forces will likely spend around Rs 4,000 bn over the next 5-7 years for procurement of these 101 items from the domestic market. The government is also working for smooth implementation of the DAP 2020 as pre schedule. The ministry has announced the release of funds to procure these items recently in keeping with objectives of self-reliance and promotion of defence exports. All the 108 items on the second positive indigenisation list are to be procured from indigenous sources as per provisions given in DAP 2020 (see annexure B for the full list). This list comprises complex systems, sensors, simulators, weapons and ammunitions such as helicopters, next generation corvettes, air borne early warning and control (AEW&C) systems, tank engines, medium power radar for mountains, MRSAM weapon systems and many more such items. This second list will be implemented progressively with effect from December 2021 to December 2025.

To ensure a time bound procurement process, a project management unit (PMU) has been mandated to support the contract management. The PMU will facilitate consultancy support during the acquisition process.

3. **Offset clauses** were first promulgated under the DPP 2005 with the view that it would help improve technological capability of the domestic industry. These clauses have been removed from bilateral deals and deals with a single seller due to non-fulfilment of conditions, especially of transfer of technology. Most of the deals happen between governments, through single vendors or by signing inter-governmental agreements (IGA). The removal of the clause is likely to reduce the cost of procurement from foreign entities.

However, offset requirements for deals made under DPP 2016 and prior to that are valid and need to be fulfilled for which 232 Indian offset partners have been identified as part of the offset contracts (refer to annexure C for details of OEMs having offset contracts and annexure D for the list of existing Indian offset partners in ongoing offset contracts). According to the Department of Defence Production, Ministry of Defence, claims worth USD 4.23 billion have been submitted out of which USD 3.21 worth of claims have been disposed so far. As per the report of the Comptroller and Auditor General of India (CAG) on the defence offset performance tabled in the parliament on 23 September 2021, out of the Rs. 664.3 billion worth of offset commitments made through 46 contracts from 2005 till March 2018, Rs. 114 billion had been claimed. The remaining offset commitment of Rs. 550 billion needs to be fulfilled by 2024.

4. **Leasing policy introduced:** The government has introduced leasing to attract firms supplying critical and expensive defence items. Companies can enter into medium- to long-term agreements on usage of a particular defence item. Domestic firms are likely to be favoured for procurement of critical defence items, provided they demonstrate capability and have made the required investments in the technology.

5. **Development of technological capabilities:** The government is focused on low-tech sectors such as ammunition, surveillance and tracking systems. These are relatively easier to manufacture than key import items such as anti-submarine missiles, helicopters, naval guns etc. Manufacturing these involves significant technological capabilities and investments and would continue to remain a challenge given the removal of the offset clauses. However, the DRDO's gradual advancement in the field of ballistic missiles, quick reaction surface to air missiles, anti-tank missiles, rocket systems, etc shall improve the country's capability-building exercise in high-tech defence systems and weaponry.

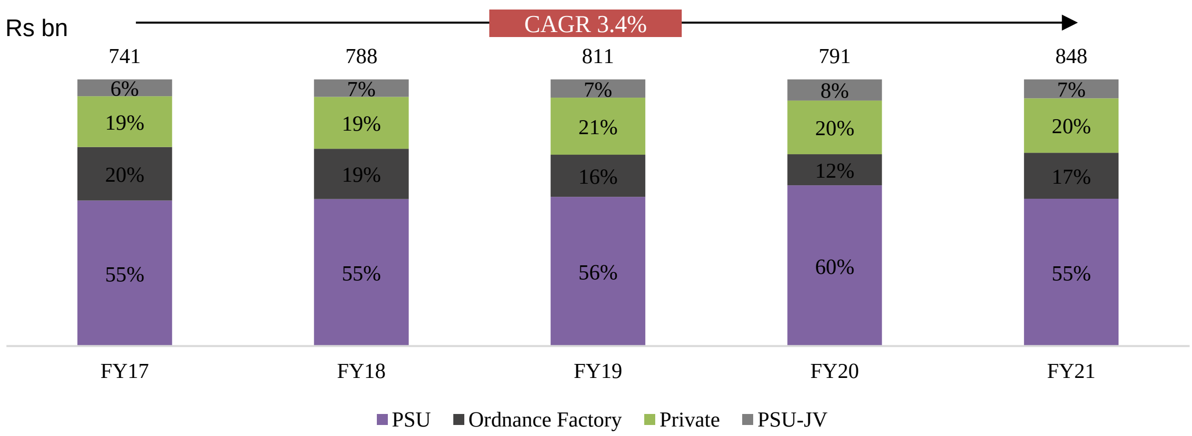
6. **Investments in defence industrial corridors** – India is the third biggest military spender and second largest defence importer. The country aims to be a global defence manufacturing hub under the Make in India initiative. To enhance the domestic manufacturing capacity, the government proposes to set up **defence industrial corridors**, one each in Uttar Pradesh and Tamil Nadu. This will boost indigenisation and create opportunities for the private sector, including micro small and medium enterprises (MSMEs) and startups.

   These corridors will act as a catalyst for localised defence production and aerospace equipment industry. Local manufacturing of defence equipment shall bring down imports and promote exports from the country. The government is banking on private participation in the corridors to make the country self-reliant in defence, generate direct and indirect employment and spur growth of private manufacturers, including MSMEs and startups.

7. **Defence production and Make in India** – In order to increase the country's self-reliance in the defence sector, the government aims to boost manufacturing of DPSUs, joint ventures and private sector firms. The larger goal is to facilitate development of new technology in India, expand private sector participation and reduce reliance on foreign countries for equipment and arms.

Defence production in India logged a 3.4% CAGR over FY17-21. Notably, PSUs' share has been rising consistently to 60% in fiscal 2020 from 55% in fiscal 2017 and that of joint ventures to 8% from 6%. This has been at the expense of Ordinance Factory, which saw its share declining to 12% in fiscal 2020 from 20% in fiscal 2017. Over the past few years, private sector participation has remained largely range-bound in ~19-20%.

Review of defence production (FY17-FY21)



Source: Ministry of Defence

Outlook on defence production

Indigenisation of defence has always been a core agenda for the government. The Make in India initiative introduced in 2014 and the recent Atmanirbhar Bharat have similar goals for development of the domestic defence industry. The objective behind these schemes is to attain strategic independence by reducing import dependence. The overhaul of DPSUs and OFBs has been on the agenda to further facilitate private sector participation.

The government is expected to spend $130 bn for defence procurement in the next five years. It is looking to achieve a revenue of $25 bn (Rs 1,750 bn) from defence manufacturing and services by 2025, including exports of $5 bn (Rs 350 bn). The domestic defence industry is currently estimated to be about Rs 800 bn.

In August 2020, the Ministry of Defence released a **Draft Defence Production and Export Policy**, with a view to boost domestic production capabilities and reduce dependence on imports. At present, 60% of the country's overall defence procurement, which is ~Rs 700 bn, is from the domestic industry. The policy aims to double this to Rs 1,400 bn by 2025. A separate head for domestic capital procurement in the defence budget has also been proposed in addition to an at least 15% per year increase in allocation over the next five years (2021-2025).

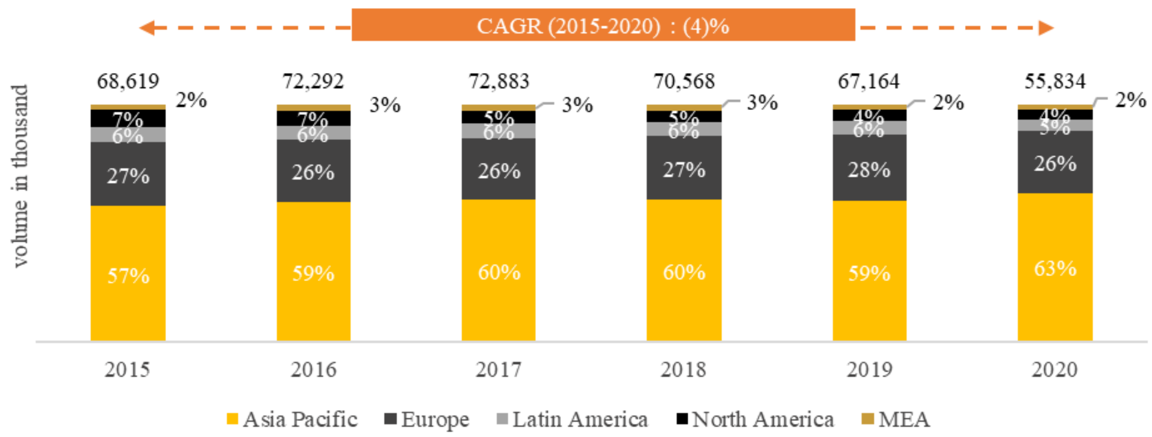
The government is also developing its defence export strategy to seize the export opportunities, especially in the developing regions of Asia, Africa and the Middle East. The government's support would make it much easier for private firms to bid for contracts in these countries.

6 Review and outlook on global automobile industry

Review and outlook on global passenger vehicle industry

Review of global passenger vehicle industry (2015-2020)

Historic production development (2015-2020)



NOTE: MEA – Middle East & African nations
Source: Organisation Internationale des Constructeurs d'Automobiles (OICA.NET), CRISIL Research

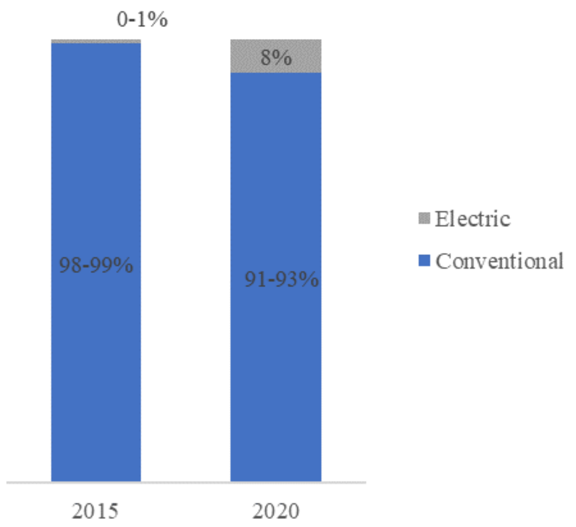
Automobile industry is historically dominated by OEMs from Germany USA, South Korea and Japan. However, due to better cost economics, manufacturing base was shifted to low cost countries such as Asian and African countries.

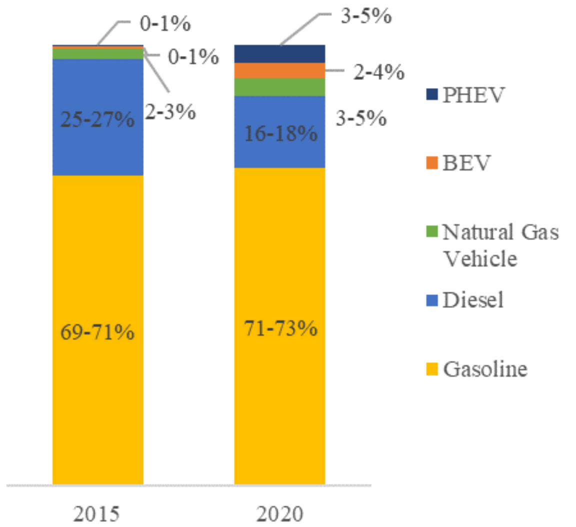
However, Asia Pacific now forms a bulk of passenger vehicle production, led by China. China's automotive industry has developed extensively through foreign direct investment. This investment has come in the form of alliances and joint ventures between international automobile manufacturers and Chinese partners.

Global Production registered a a decline post 2017 primarily due to slowdown in economy across regions leading to low private consumption, trade wars between USA and China in 2018 and political instability in a few countries.

In 2020, during pandemic, not all countries have experienced the same amount of decline in production. For example, China reopened its facilities sooner than those in many countries, and countries such as Japan and Korea were less affected overall by the pandemic. Global automobile production declined by 17% yoy in 2020.

Review of global powertrain split in passenger vehicle industry





NOTE: Estimated figures
Source: IEA, ACEA, OICA.NET, Secondary Literature, SEC Filings, Industry Journals, Annual Reports, Investor Presentations, Grand View Research, CRISIL Research

North America and Europe leads electrification globally. In 2020, electrification of passenger vehicle is estimated to have reached ~8% in 2020. Electrification of passenger vehicle has grown by 51% CAGR between 2015 and 2020 whereas for conventional powertrain, it has declined by 5% CAGR for the same period.

The measures – primarily purchase subsidies, and/or vehicle purchase and registration tax rebates – were designed to reduce the price gap with conventional vehicles. Such measures were implemented as early as the 1990s in Norway, in the United States in 2008 and in China in 2014.

Significant fiscal incentives spurred the initial uptake of electric light-duty vehicles (LDVs) and expansion in EV manufacturing and battery industries.

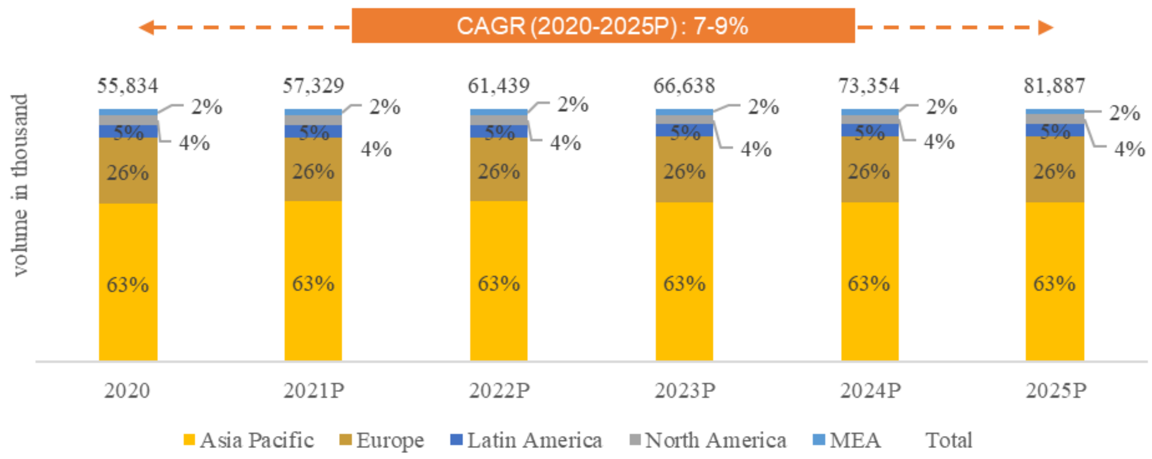
Gradual tightening of fuel economy and tailpipe CO2 emission standards has augmented the role of EVs to meet the standards.

Passenger vehicle industry has witnessed a shift from conventional fuel to energy efficient fuel such as Compressed Natural Gas (CNG) or battery run vehicles due to low emission.

About 2/3rd electric vehicles are pure electric vehicle (Battery Electric Vehicle – BEV) and rest is occupied by plug-in EV (PHEV). 100% battery-operated vehicle is more lucrative due to lesser number of moving parts leading to low maintenance cost and zero emission on the road. However, its high cost of acquisition and inadequate charging infrastructure has led to its limited growth in last few years.

Outlook of global passenger vehicle industry (2020-2025P)

Outlook on production of global passenger vehicle industry



Source: OICA.NET, Grand View Research, CRISIL Research

Global passenger vehicle industry is expected to grow at a CAGR of 7-9% from 2020 till 2025, mainly due to economic revival, across nations after seeing a hit in 2020 due to pandemic. Expected increase in personal consumption and current low penetration of the passenger vehicle in developing nations will aid this growth

However, rapid urbanisation and traffic jams in metro cities, growing presence of ride hailing companies, push to public transport infrastructure creation is expected to keep demand for cars in check.

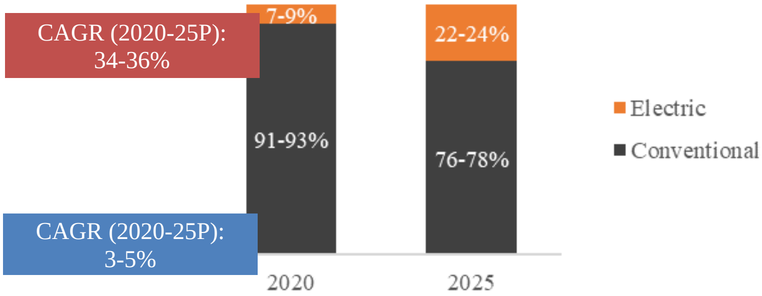
Asia Pacific is expected to occupy a major portion in production of passenger vehicles by 2025, driven by China due to its economies of scale, availability of technology due to presence of global players, robust supply chain and low operating cost.

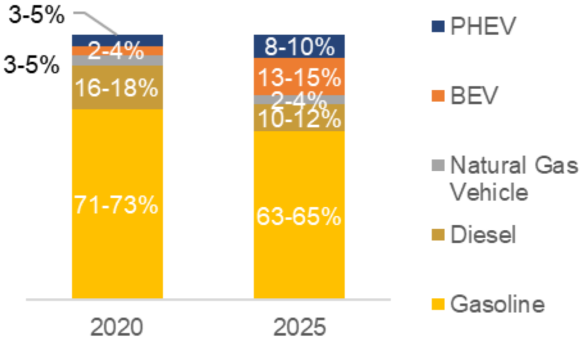
In developed regions such as North America and Europe, sales will be driven by replacement buyers. Shift towards electric mobility is also expected to drive the growth in these regions.

Growing middle class, urbanization, low penetration of PVs, availability of finance will drive the sale of PVs in regions such as Latin America, Asia and Africa.

In view of growing concern regarding environmental issues, global economies and governments are taking steps to move towards cleaner fuel. OEMs are expected to focus on future technologies. Increasing shift towards cleaner technologies is likely to make incremental investments in ICE engine technology unviable for individual OEMs. Therefore, contract manufacturing of ICE engines is expected to emerge as viable option in near future with players like PSA playing a larger role supplying engines to leading OEMs globally.

Outlook on global powertrain split in passenger vehicle industry





NOTE: Estimated figures.
Source: IEA, ACEA, OICA.NET, Secondary Literature, SEC Filings, Industry Journals, Annual Reports, Investor Presentations, and CRISIL Research

Global penetration of electric powertrain is expected to reach 22-24% in 2025 from 7-9% in 2020, again led by North America and Europe.

The collective target of the EV30@30 signatories to achieve 30% sales share in 2030 for light-duty vehicles, buses and trucks will drive the EV adoption rate.

A few European countries such as UK, Germany, etc. have already announced phase-out dates of fuel-based engine, and a stronger electrification push is expected across the EU to enable it to meet its net-zero goal in 2050 and a new, tougher climate target in 2030. The largest vehicle market in the US, California, has also announced a phase out of internal combustion engine (ICE) cars by 2035. Vehicle electrification efforts across the rest of the US are expected to accelerate under the new Biden administration. Latin American countries are expected to be driven more by flex fuel (ethanol mixed with gasoline) than by electrification. China is expected to sell 40% of all its car by 2030 with electric powertrain, Japan will phase out sale of cars with ICE engines by 2035 encouraging both hybrid and fully electric vehicles as a part of its clean fuel strategy. Road to electrification in Africa looks bleak at least till 2025.

Apart from reduced emissions and low maintenance cost, the other driving force for the fast adoption of EV is the advancements in new EV car models by leading manufacturers.

Change in powertrain from ICE engine to pure electric will have an impact on auto component industry as well. These components of powertrain accounts for a significant share of the total cost. This cost composition is expected to be skewed towards battery pack and associated software. Engine assembly, exhaust management and transmission system will cease to exist. Batteries, electric motors, microprocessors, etc. will form a major portion in an electric vehicle.

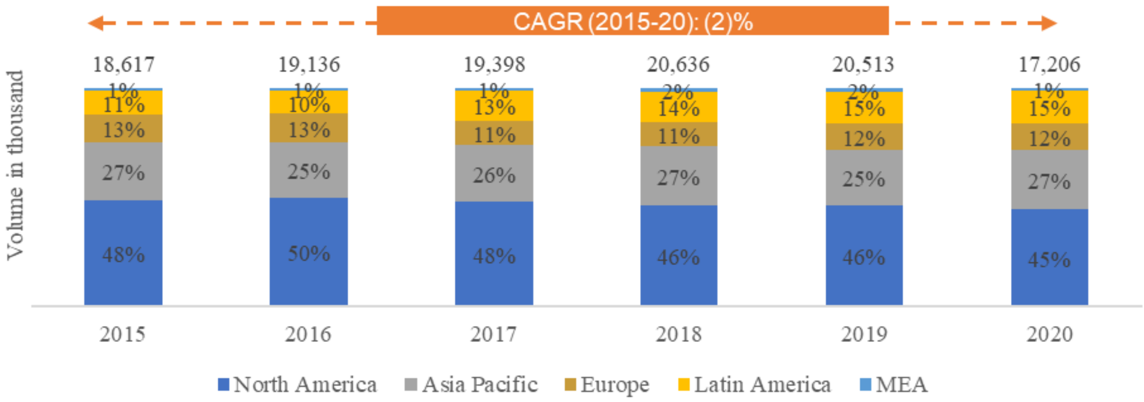
Euro 7 is expected to be enforced from 2025 onwards, this is expected to lead to stringent emission standards and faster move towards pure electric vehicles. Even as the markets move towards cleaner technologies like electric vehicles in future, ICE technologies like Euro 6, Euro 7 are likely to remain relevant for Hybrid Electric Vehicles. Apparently Euro 7 is likely to be the last of the emission norms globally.

Review and outlook on global commercial vehicle industry

Review of the global commercial vehicle (CV) industry (2015-20)

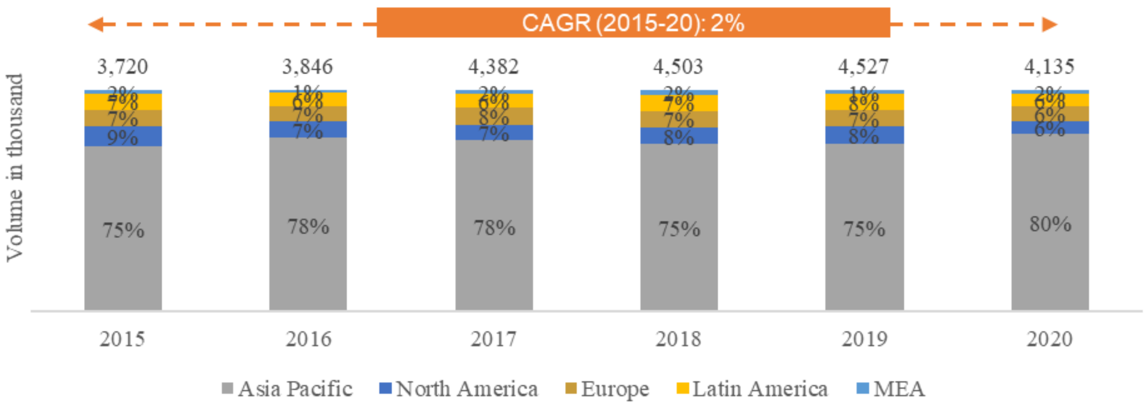
Historical production development (2015-20)

Light commercial vehicle (LCV)



Note: MEA – the Middle East and Africa
Source: Organisation Internationale des Constructeurs d'Automobiles (OICA.NET), CRISIL Research

Heavy commercial vehicle (HCV)



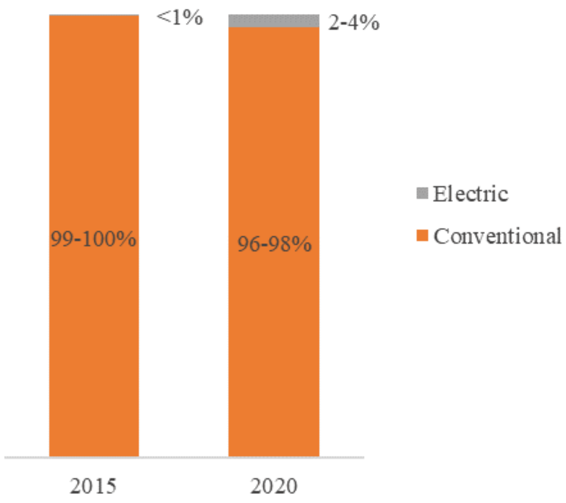
Note: MEA – the Middle East and Africa
Source: OICA.NET, CRISIL Research

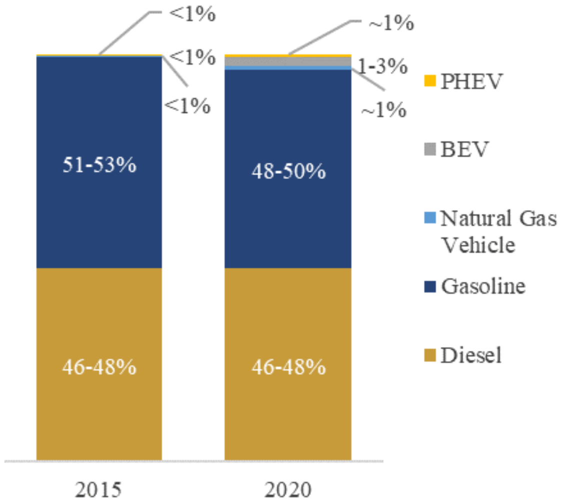
LCVs (maximum 3.5-7 tonne Gross Vehicle Weight) account for more than 80% of CV production. They are largely used for redistribution and run for shorter lead distances than HCV. North America dominates global LCV production – it produced 45% of LCVs in 2020. Asia Pacific leads global HCV production – it produced 80% of HCVs in 2020.

The global CV industry declined at 1% compound annual growth rate (CAGR) between 2015 and 2020. The industry is cyclical in nature – after 3-4 years of upturn, it usually exhibits a down cycle of 1-2 years. It mirrors the state of the economy – in 2020, when global GDP declined 3.2% (according to the IMF's July 2021 outlook), global CV production also fell 15% on-year.

Leading European CV brands such as Daimler, Volvo, Scania had ~9%, ~2% and 2% share in global HCV market.

Global powertrain split in the CV industry





Note: Estimated figures. BEVs (battery electric vehicles) and PHEVs (plug-in hybrid electric vehicles) form electric powertrain; gasoline (petrol), diesel and natural gas vehicles form conventional powertrain.
Source: CRISIL Research

North America and Europe lead electrification globally. The share of CV electrification is estimated to have reached 2-4% in 2020, and logged 54% CAGR between 2015 and 2020.

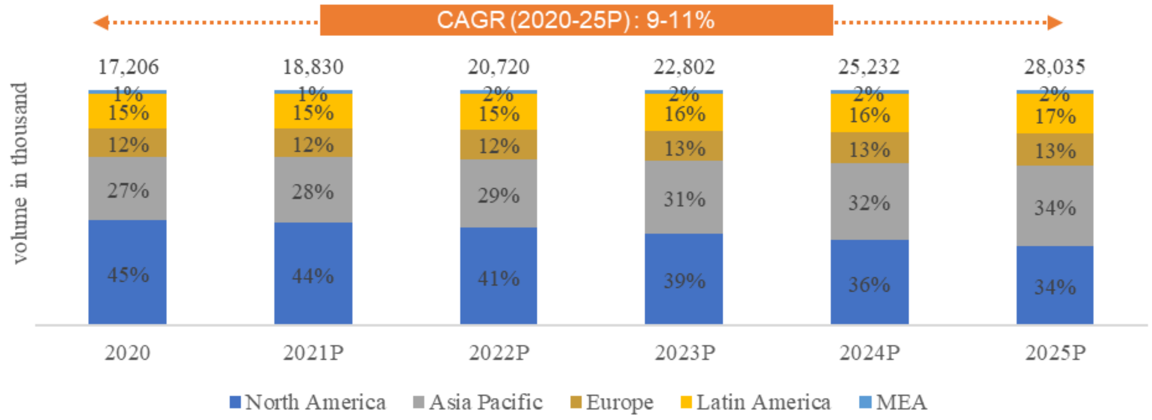
Adoption of electrification in CVs is not as high as in passenger vehicles (PVs) because of high lead distance, coupled with high acquisition cost and unavailability of charging infrastructure.

Trucks, especially the heavy-duty ones, are the most polluting vehicles. Hence, a few cities, such as California in the USA, have announced a shift towards relatively clean fuel. Liquefied natural gas could also have a role to play.

Outlook of the global CV industry (2020-25P)

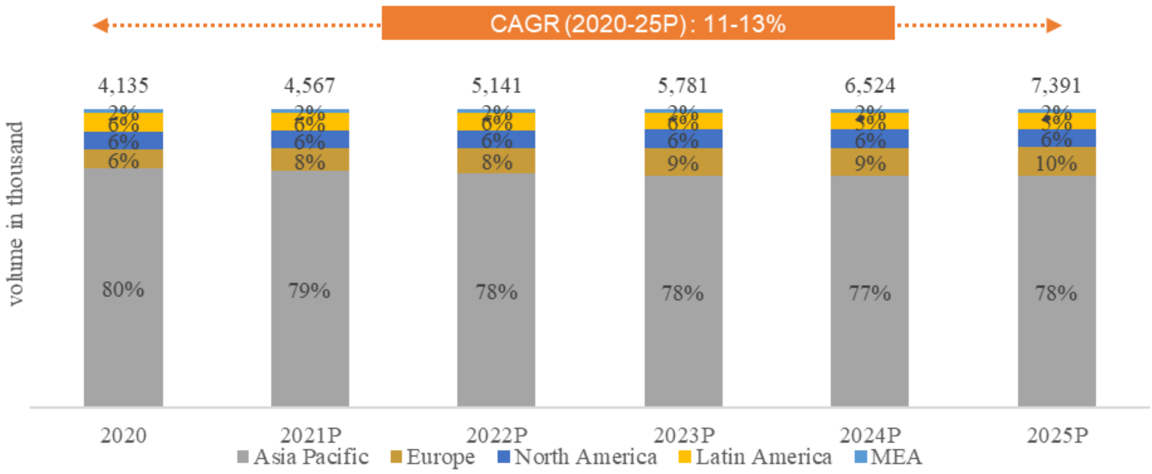
Global CV production

LCV



Source: OICA.NET, CRISIL Research

HCV



Source: OICA.NET, CRISIL Research

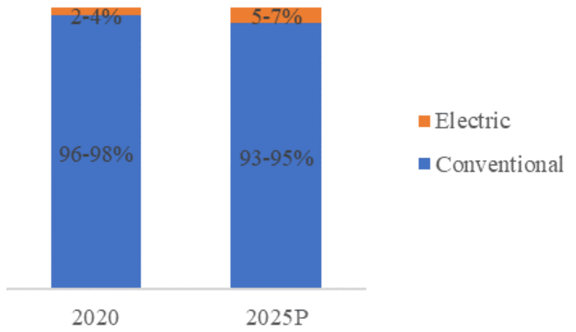
The global CV industry is expected to grow at a 10-12% CAGR over 2020-2025, led by economic revival across nations, following the recovery from the pandemic. Manufacturing activities are expected to pick up across nations, mainly underdeveloped and developing. Further, a push towards public infrastructure to de-congest roads will drive demand for buses. Over the projected period, LCV is expected to grow at a 9-11% CAGR, while HCV at an 11-13% CAGR. Similar to 2015-2020, North America is expected to lead the growth in LCV and Asia Pacific in HCV.

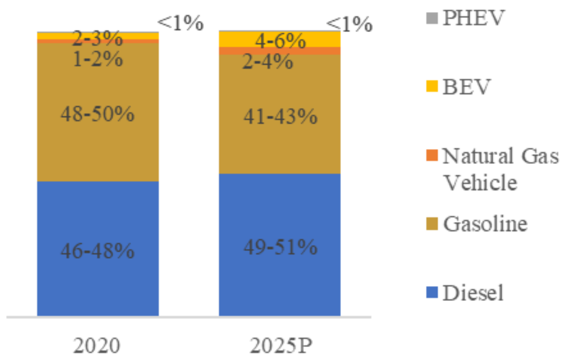
The Paris Agreement, a legally binding international treaty on climate change, was formed in 2015. Under this, representatives from 196 countries had gathered for United Nations Framework Convention on Climate Change (UNFCCC) in Paris. According to the UNFCCC, the parties agreed to three objectives: limit the average global temperature increase to well below 2 degrees Celsius (3.6 degrees Fahrenheit) above pre-industrial levels, preferably below 1.5 C (2.7 F); build resilience to climate change impacts; and allocate money to these objectives. Each party created its own nationally determined contributions (NDCs) to these goals. Beginning in 2023, the parties will meet every five years to take stock of their progress and plan to ratchet up their NDCs.

Global economies and governments are increasingly moving towards cleaner fuel In view of growing concerns regarding environmental issues. Notably, the transportation sector is one of the largest contributors to greenhouse gas (GHG) emissions. Policymakers and OEMs are increasingly moving towards green mobility by developing new technologies such as BEVs, hybrids, etc. and providing subsidies to promote green technology.

An increasing shift towards cleaner technologies is likely to boost investments in ICE engine technology, which is unviable for individual OEMs. Therefore, contract manufacturing of ICE engines is expected to emerge as a viable option, with players such as Cummins playing a more significant role in supplying engines to leading OEMs globally.

Global powertrain split





Note: Estimated figures; Source: CRISIL Research

The US, Europe, and China are at the forefront of implementing powertrain technologies. However, the adoption rate would vary by regional market, vehicle type, and use—whether for deliveries in town or between cities, and whether for long-haul or closed environments, such as construction sites and harbours. Factors such as energy supply, manufacturing capability, infrastructure, and government policy (regulation as well as economic incentives) would help determine which powertrains dominate in each vehicle class in each major market. By 2025, across key markets, the overall electrification of LCVs and HCVs is estimated in the range of 5-7% and 2-4%, respectively.

7 Review and outlook of Indian automobile industry

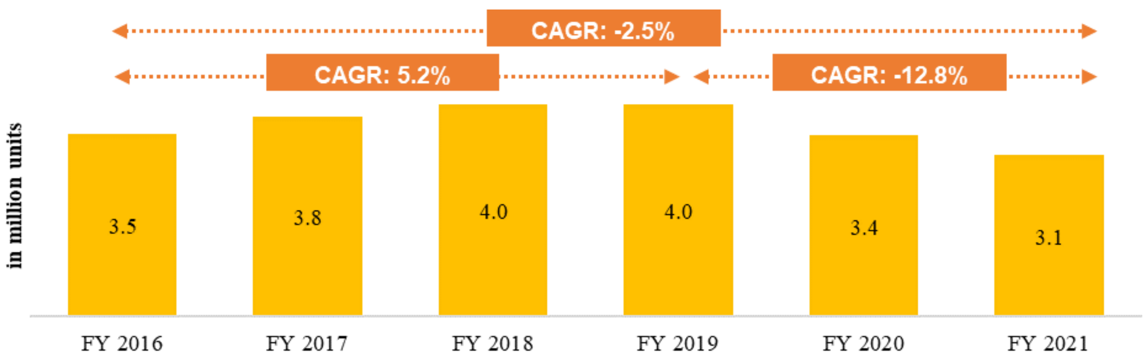
Review and outlook on the Indian passenger vehicle industry

Review of the Indian passenger vehicle industry (fiscals 2016 – 2021)

Historical production development (fiscals 2016- 2021)

Production of passenger vehicles (PVs) in India recorded a healthy growth of 5.2% CAGR between fiscals 2016 and 2019 due to a spurt in domestic and exports demand. Domestic demand was driven by expansion in the addressable market, development of infrastructure, and stable cost of vehicle ownership, as crude oil prices remained low except in the few months when output was reduced due to sanctions imposed on Iran.

Review of PV production



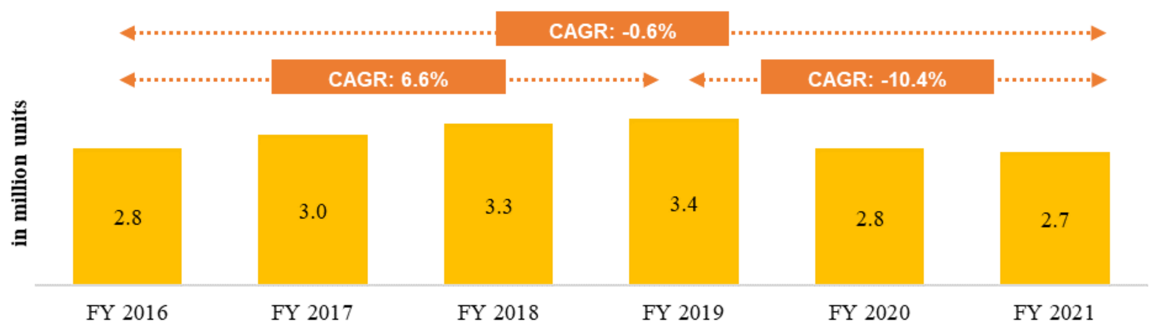
Source: SIAM- Society of Indian Automobile Manufacturers, CRISIL Research

Demonetisation and implementation of the Goods and Services Tax (GST) resulted in the weakening of the economy. Further coupled with emission and safety norms introduced by the government of India resulted in very sluggish growth in the PV industry after fiscal 2018. Production in fiscal 2019 remained flat, with India producing 4.03 million PVs, of which 3.38 million vehicles were sold in the domestic market and 0.68 million were exported.

In fiscal 2020, lower private consumption and inventory adjustment because of a change in emission norms from BS IV to BS VI, liquidity crisis, and the onset of COVID-19 resulted in a decline of 15% in production. Domestic sales fell 18%, whereas exports remained flat.

As COVID-19 spreads through close contact, the use of public transportation and shared mobility services expected to be impacted currently. This has given a boost to personal mobility. Despite real GDP likely to contract 7.5% in fiscal 2021, PV production declined by ~11%— domestic sales declined by ~2% whereas exports declined sharply by ~41%.

Review of PV domestic sales

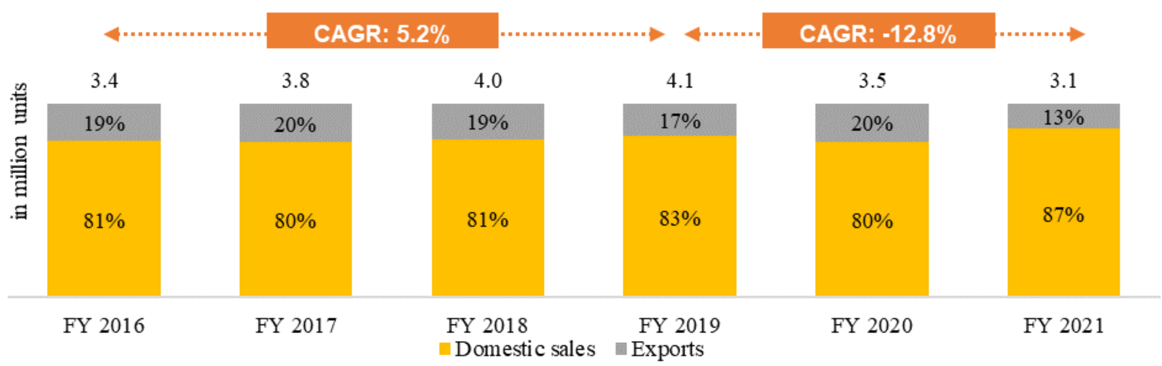


Source: SIAM- Society of Indian Automobile Manufacturers, CRISIL Research

Split by domestic sales and exports

The Indian PV market is focused on the domestic market, with over 85% demand stemming from the domestic market in fiscal 2021. The ratio of exports-to-production for the industry has declined from 19% in fiscal 2016 to 13% in fiscal 2021. This can be attributed to muted exports due to a slowdown in the global automobile industry as well as major OEMs focusing on serving fast-growing domestic markets over foreign markets. In fiscal 2020, this share had gone up to ~20% as OEMs enhance their focus on export markets. Stagnating domestic traction in the past three years has resulted in foreign automobile manufacturers such as Ford, General Motors (GM), and Volkswagen (VW) increasing their focus on exports, thereby improving utilisation by using spare capacity and boosting revenue. These players are developing India as an export hub, as evidenced by the consistent increase in the proportion of exports to their total production.

PV industry split by domestic sales and exports



Source: SIAM, CRISIL Research

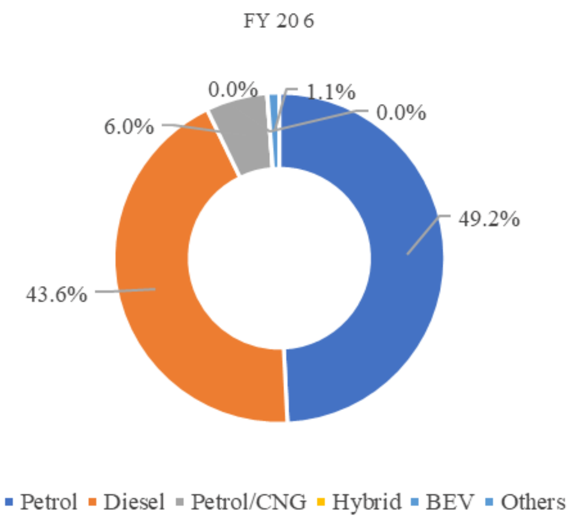
The domestic PV industry grew 6.6% between fiscals 2016 and 2019, led by strong growth in utility vehicles (UVs), which rose 14.9% versus cars, which grew 3.1% during the same period. Improving economic scenario, higher affordability, and new model launches drove demand during this period.

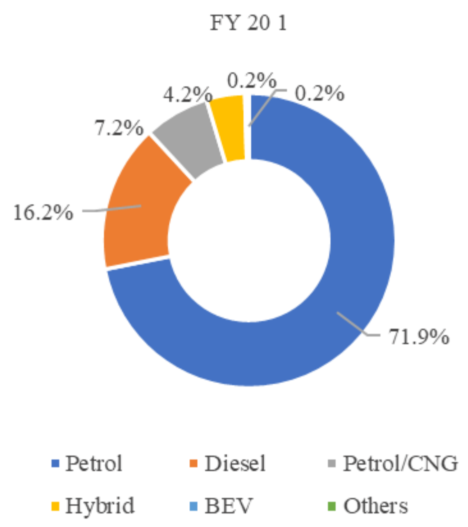
Domestic demand fell 18% on year in fiscal 2020 because of lower consumer sentiments due to slowing down of economy and inventory correction due to a change in emission norms. Moreover, acquisition costs increased due to implementation of safety norms such as mandatory anti-lock braking system (ABS), airbags, etc. and due to change in emission norms. Further, in fiscal 2021, domestic sales is likely to decline 4-6%. The shift towards personal mobility to maintain social distancing has aided PV sales. The pandemic and subsequent lockdown has impacted supply chain; the issue still persists in the system.

PV exports from India remained flat at 1.2% CAGR between fiscals 2016 and 2019, supported by UV exports, which grew at a CAGR of 10.5%, while car exports fell 1.2% during this period.

Due to traction in the domestic market, leading PV OEMs largely catered to domestic demand. Hyundai shifted its export base to Turkey and the Czech Republic in fiscal 2013, thereby reducing its exports from India. Also, industry behemoth Maruti Suzuki's capacity constraints had put pressure on exports growth. In fiscal 2018, teething problems in GST implementation, such as delayed refunds to exporters, leading to a substantial amount of their money being tied up, affected the exports business. Additionally, contraction of the PV market in few developed nations led to a decline in exports post fiscal 2018. In fiscal 2021, exports saw sharp decline of ~41% due to the pandemic, supply constraints, and higher focus of OEMs on the domestic market.

Split by powertrain





NOTE: BEV - Battery-powered Electric Vehicle
SOURCE: MoRTH, Crisil Research

Share of petrol, CNG and electric vehicles have increased in last 5 years. Change in powertrain mix can be attributed to changes in emission norms such as migration from BS-IV to BS-VI from April 2020 onwards. Diesel variant saw the sharpest decline, due to majority of the manufacturer phasing out diesel variants on account of increase in the cost of the vehicle due to BS-VI and making them unviable. Traction in CNG variants was seen due to better cost economics as compared to other fuel type.

Key historical regulatory/macroeconomic trends and growth drivers for domestic sales and exports

Demonetisation

Demonetisation had little impact on PV sales because dealers resorted to alternate sources of cash such as cheques, cards, and e-wallets to buy vehicles. However, due to the negative overall economic sentiment, the industry recorded flat growth in November and December 2016.

Implementation of GST

There has been no change in GST rates in the budget. Overall, slightly lower GST rates did not lead to a major disruption in the industry.

BS-IV to BS-VI transition

BS emission standards are issued by the government to regulate the output of air pollutants from motor vehicles. In January 2016, the central government decided to skip BS-V and shift directly to BS-VI norms. It fixed the deadline at April 1, 2020 for the introduction of BS-VI emission norms.

BS-VI regulations demand major reduction in PM and NOx levels

Type of Vehicle	Unit	BS IV	BS VI	Change
Diesel				
HC	gm/km	0.3	0.17	**-43%**
NOx	gm/km	0.25	0.08	**-68%**
PM	gm/km	0.025	0.0045	**-82%**
Petrol				
NOx	gm/km	0.08	0.06	**-25%**
PM	gm/km	-	0.0045	**Newly added**

Note: HC, NOx, PM refer to pollutants from vehicle exhaust; HC- Hydrocarbon, NOx- Nitrogen oxides, PM-Particulate matter

BS-VI compliant PV price increased 2-4%. Diesel variants became costlier than other fuel variants. Adding of various devices and systems to reduce emission levels adversely affected prices.

Addition of devices and subsystems in BS-VI compliant vehicle

Pollutant	Devices / Subsystems to be included to reduce the Pollutants
NOX- Nitrous oxide	▪Exhaust Gas Recirculation ▪Selective Catalytic Reduction ▪3 way catalyst ▪Lean NOx Trap
HC- Hydrocarbons	▪Secondary Air Injection ▪3 way catalyst ▪Diesel Oxidation Catalyst ▪Purge Control Valve ▪Canister
PM- Particulate matter	▪Diesel Particulate Filter ▪Gasoline Particulate Filter

MEIS scheme to be replaced by RoDTEP

The central government has decided to discontinue the MEIS (Merchandise Exports from India Scheme) scheme from January 1, 2021, as it is not compliant with World Trade Organization norms. Exporters will then be reimbursed the duty paid on inputs through the new Remission of Duties or Taxes on Export Products (RoDTEP) scheme, the scheme was notified on Aug 17th 2021. Rates for automobile and auto components range between 0.5-2%.

Current penetration of Electric PVs

Current EV penetration in passenger vehicle category is miniscule (0.16% as on fiscal 2021) due to unavailability of affordable electric cars and charging stations leading to range anxiety. However, fiscal 2021 saw robust sales of e-Nexon.

Electric vehicle models currently available

Company	Model	Ex-showroom Price Range (Rs. Lacs)	Features
Mahindra	E-Verito	9.5-10	21.2 kWh battery with range of 180 km
Mahindra	eKUV 100	8-8.5	15.9 kWH battery with range of 147 km
Tata	Tigor EV	11.5 - 12	16.2 kWh battery with range of 140 km
Tata	Nexon EV	13.5-14.5	30.2 kWh battery with range of 312 km
Hyundai	Kona	23.5 - 24	39.2 kWh battery with range of 452 km
MG	ZS EV	20.5-21	44.5 kWh battery with range of 340 km

Source: CRISIL Research

Historic growth drivers for Indian passenger vehicle exports

The US, which had nil share till fiscal 2018, has ~10% volume share as of fiscal 2020, estimated to be mainly driven by exports of the Ford Ecosport.

PV exports to African and Middle Eastern countries currently account for ~42% of overall exports in fiscal 2020, compared with ~29% in fiscal 2016. The African economy, which is largely dependent on commodities such as chrome, manganese, vanadium, precious metals and crude, to name a few, was hit in 2015 and 2016 when commodity prices crashed. India's exports to Africa declined to 19% in fiscal 2016 from 15% in fiscal 2017.

Exports to South Africa, Italy, the UAE, Saudi Arabia, Peru and Bolivia also witnessed growth in fiscal 2020 with the launch of new models like the Hyundai Venue, Maruti S-Presso, Renault Triber and Kia Seltos.

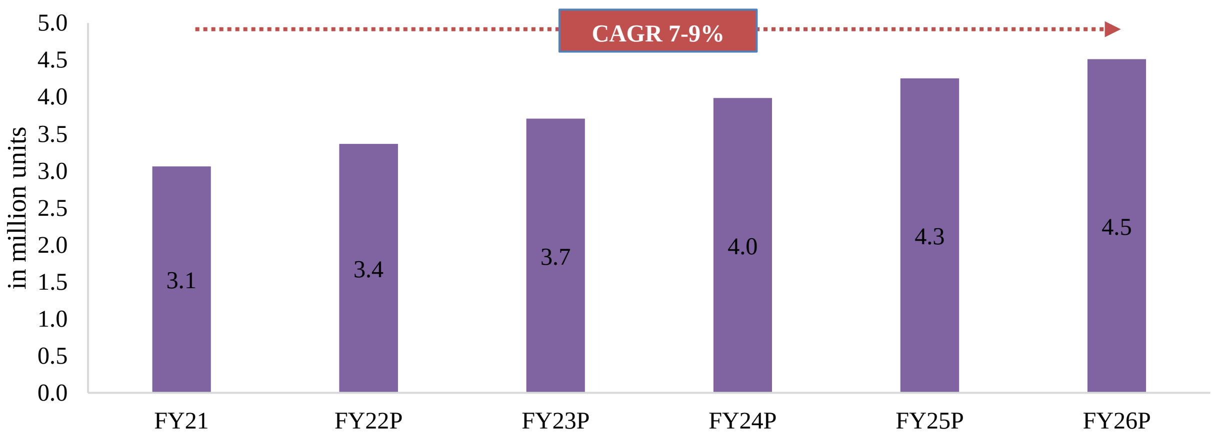
However, the outbreak of the pandemic has severely impacted exports across the globe leading to exports declining by 39% yoy in fiscal 2021.

Outlook on the Indian PV industry (fiscals 2021 - 2026P)

Production outlook (fiscals 2021 - 2026P)

CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from fiscal 2021 to 2026, and reach ~4.5 million units by fiscal 2026. However, risk of subsequent waves of COVID-19 and need for the state and central governments to impose localised or extended lockdown to control spread of pandemic may have an impact on supply chains as well as sales going forward. In such a case, overall industry production is also likely to get adversely affected over the short term.

PV production outlook



Note: P - Projected
Source: SIAM, CRISIL Research

After a consecutive drop in production in fiscals 2020 and 2021, PV production is expected to increase at a robust pace over the next five fiscals because of a spurt in domestic as well as exports demand. Domestic demand will be driven by an expansion in the addressable market, fast-paced infrastructure development and relatively stable cost of vehicle ownership, as crude oil prices are expected to stabilise at lower levels.

However, in fiscal 2022, due to semi-conductor shortage, we expect the production of the passenger vehicle to be impacted. Passenger vehicle sales in first four months of fiscal 2022 is estimated to have recovered faster than our initial projections despite resurgence of COVID-19 on account of new model launches and pent up demand. Malaysia holds a critical link in the global semiconductor supply chain, with many assemblies and testing centres located in the country. With COVID infections in Malaysia reaching ~22,000/day by end of August 2021, from ~1500 cases/day by end of March 2021, lockdown measures in the country are expected to dent the supply of microchips, aggravating the shortage further. This has impacted wholesale volumes in August 2021 and expected to lead to lower production and subsequently, wholesale volumes in September 2021. The chip shortage also coincides with the automobile industry entering the crucial festival period of sales which could impact the volumes in the second half of the fiscal. Although, the semiconductor shortage is likely to remain till the end of fiscal 2022, the situation is likely to improve marginally in the coming 2-3 months once the curbs in Malaysia are lifted.

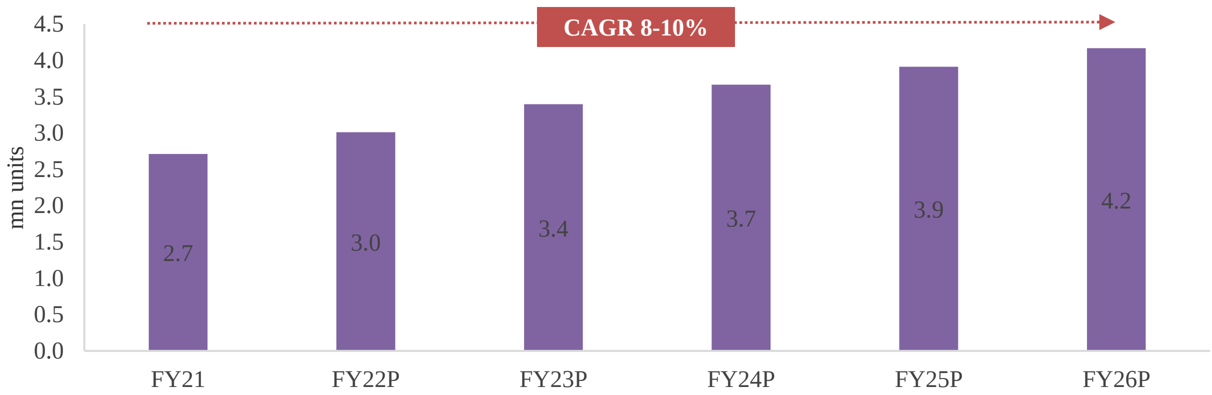
The long-term outlook remains bright with regard to exports as efforts to penetrate newer geographies bear fruit and schemes such as PLI incentivises players to tap exports. CRISIL forecasts exports to clock 12.1% CAGR between fiscals 2021 and 2026. Rising competition in Europe amid sluggish demand growth, though, will prevent further increase in growth. Moreover, penetration of electric and hybrid vehicles will be a key monitorable.

Exit of players such as General Motors and Ford India, CRISIL Research expects the plant to be taken over by other OEM in the near term. However, their combined share in production have been <10%, 9% in fiscal 2018 which was reduced to 4% in fiscal 2021.

Domestic sales outlook (fiscals 2021- 2026)

Domestic PV sales are expected to increase by 8-10% CAGR over fiscals 2021 to 2026. The growth is expected to be better (post-fiscal 2021), as consecutive years of double-digit declines would lead to a very low base in fiscal 2021. However sharp rise in COVID-19 cases and 2nd wave of covid has led to disruption in supply chain, leading to supply crunch of fast-moving models, waiting periods have increased for models in high demand. Over short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles. Other factors that would aid demand are increasing urbanisation, 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.

PV domestic sales outlook

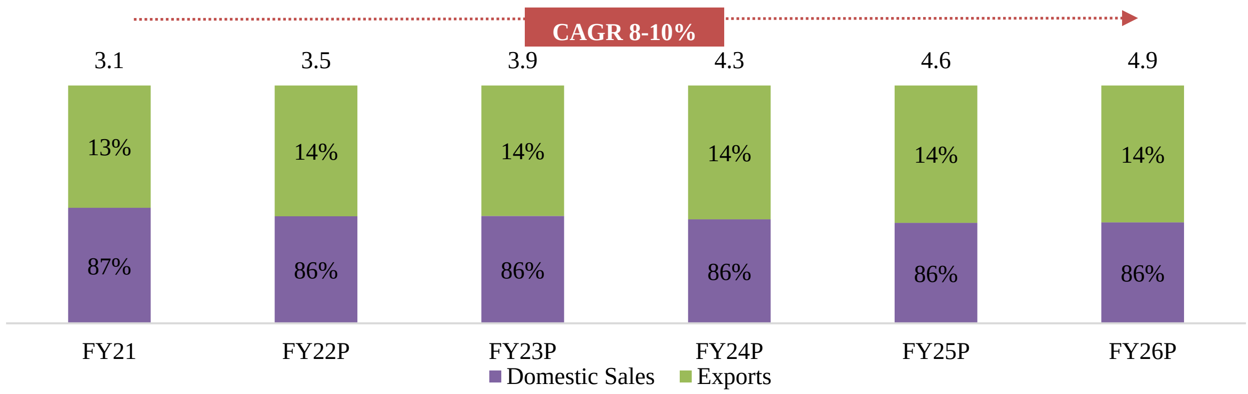


Note: P - Projected
Source: SIAM, CRISIL Research

Split by domestic and export sales

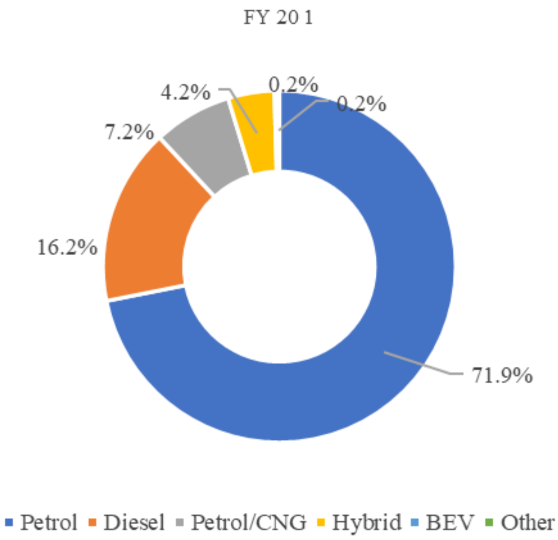
Domestic sales, which is formed ~87% of total production in fiscal 2021, are estimated to grow at 8-10% between fiscals 2021 and 2026. Exports are estimated to grow at by 11-13% CAGR between fiscal 2021 and 2026 on a low base of fiscal 2021.

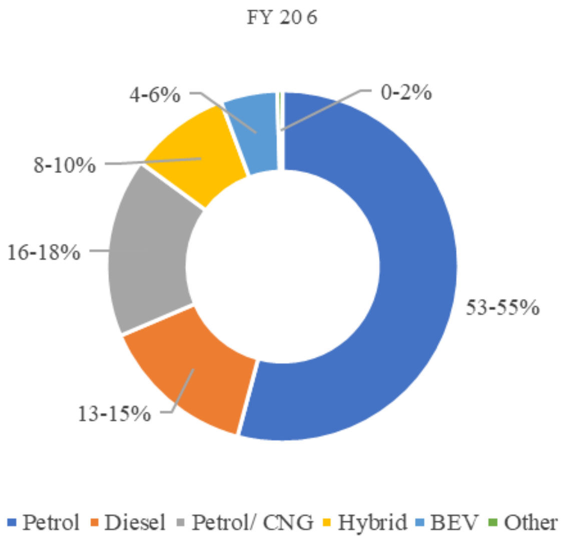
PV industry: Domestic and export sales share



Note: P - Projected
Source: SIAM, CRISIL Research

Split by powertrain





Note: P – Projected, BEV - Battery-powered Electric Vehicle
Source: MoRTH, CRISIL Research

In FY20, share of diesel was ~31%, it was drastically reduced to 16% in FY21 due to Maruti phasing out diesel variants, challenges in commercial segment due to Covid and a few players like Mahindra who are predominantly in diesel space, faced supply constraints. Maruti is expected to come up with diesel variant again atleast in UV space which is added in the qualitative commentary. Also certain sub segments in commercial applications may not towards shift petrol, CNG, EV due to nature of their applications like long distance running, inability to sacrifice boot space, hilly terrain running etc.

However, due to upcoming emission norms such as BS-VI B and CAFÉ norms, the powertrain mix is expected to change towards alternate fuels such as CNG, hybrid and electric.

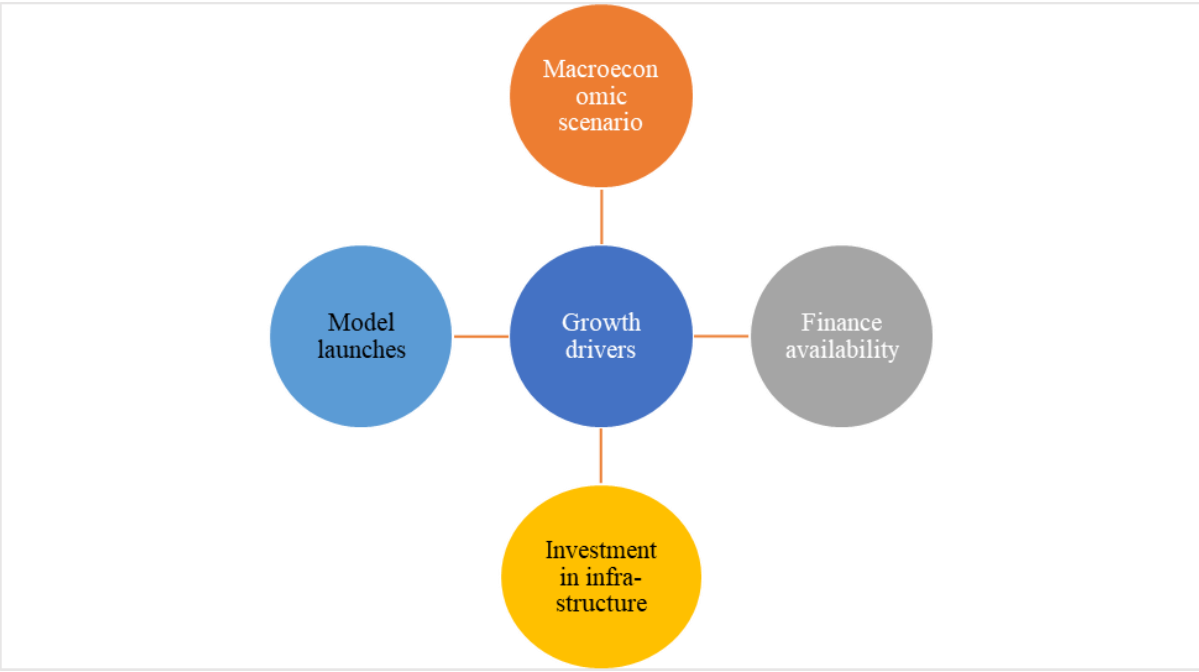
CNG will be dominated by small car buyers due to its attractive cost economics. Maruti already offers CNG models in Alto, Swift, Ertiga, etc. Other OEMs have also started offering CNG option at least in its entry level cars. Recently, Hyundai has come up with CNG options for its models such as i10, Santro, Aura, etc. Tata Motors have also come up with CNG variants for Tiago, factory fitted CNG models is expected to be available for its other models such as Tigor and Altroz.

Currently CNG is primarily available in major metro and tier-I cities. Long waiting to refill CNG has led to low preference towards CNG variants by the buyers. However, CNG network is increasing rapidly. According to Petroleum Planning & Analysis Cell, India has 3,143 CNG stations in India as on April 2021. Government's focus for gas-based economy has laid a target of 10,000 CNG stations by 2030. Industry is also exploring various measure to boost CNG ecosystem like mobile refilling CNG facility where CNG refilling facility will be setup in places such as shopping malls, offices, etc.

Key trends and growth drivers

Primary demand drivers for the PV industry include improved affordability, lower cost of ownership, and new model launches.

Key growth drivers for the domestic PV market

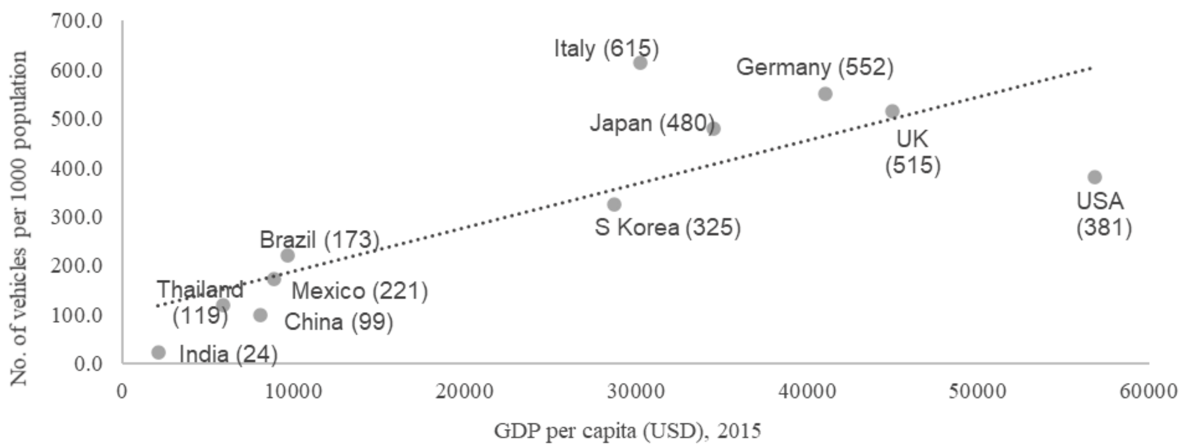


Future growth drivers for the domestic market

Underpenetrated market huge potential for cars & UVs

India's car market is highly underpenetrated compared with most developed economies and some developing nations. As of fiscal 2020, India had ~24 passenger vehicles per 1,000 people. This is significantly lower than both developed nations and even other nations in the BRIC block (Brazil, Russia, and China), based on per-capita GDP. Brazil, Russia and China has 173, 307 and 99 passenger vehicles per 1,000 people respectively in 2015. Thus, the country holds tremendous potential for automobile manufacturers. Also, comparing on the basis the penetration of cars and UVs with per-capita GDP across countries, India still lags behind most countries and, as such, CRISIL Research expects the gap to reduce gradually after a decline in fiscal 2021.

Country-wise passenger vehicle penetration



Note: Figures except India, are as of calendar year 2015, Dotted line indicates median; Figures in the bracket indicate passenger vehicles per 1,000 people

Source: OICA, World Bank, CRISIL Research

- Expected improvement in macroeconomic factors after subdued growth in fiscal 2020 and a decline in fiscal 2021

– CRISIL Research expects India’s GDP to grow ~6.3% on average, annually, between fiscals 2022 and 2026, after an estimated de-growth of 7.7% in fiscal 2021 due to the pandemic and lockdowns

– GDP growth will continue to be consumption-led, assuming normal monsoons, softer interest rates and inflation, and implementation of Pay Commission hikes by states, which will push up purchasing power

- Anticipated improvement in rural demand

  – Rise in finance penetration in the long term, as banks and NBFCs continue to focus on semi-rural and rural areas, will contribute to this

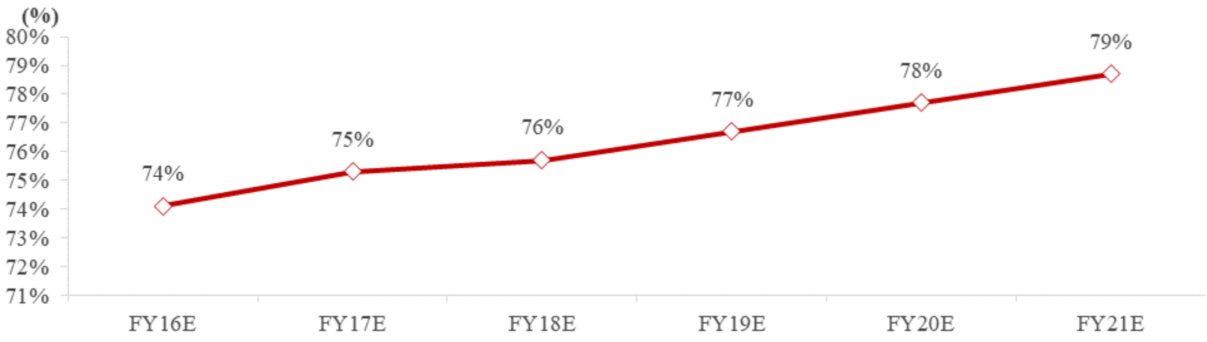
  – Rural infrastructure growth is expected to have a pronounced impact on rural incomes. Strong investments under infrastructure schemes will further boost rural infrastructure, with multiplier effects

- Improvement in finance availability

  – Given the industry's higher ticket sizes and better credit profile of end customers, finance penetration is higher in the PV industry compared with other automobile segments. CRISIL Research estimates finance penetration levels to reach 79% in fiscal 2021 from 74% in fiscal 2016.

  – Stringent credit norms and availability of credit information through the Credit Information Bureau (India) Ltd (CIBIL) have helped players widen their customer bases. The industry has witnessed strong competition with new players in the form of non-banking financial companies (NBFCs) targeting those markets that banks exited, and captive NBFCs (operated by two-wheeler manufacturers) largely focusing on non-metros.

PV finance penetration – Fiscals 2016 to 2021



Note: E – Estimated; Note: Finance penetration indicates number of vehicles financed per 100 two wheelers sold in India

Source: CRISIL Research

- The penetration is expected to deepen going forward as:

  – More customers come under the formal financial services fold

  – Banks increase their focus on the retail segments

  – Banks start waving off processing fee and pre-payment charges (especially during festival seasons) which will make financing option more lucrative for customers

- Enhanced product offering

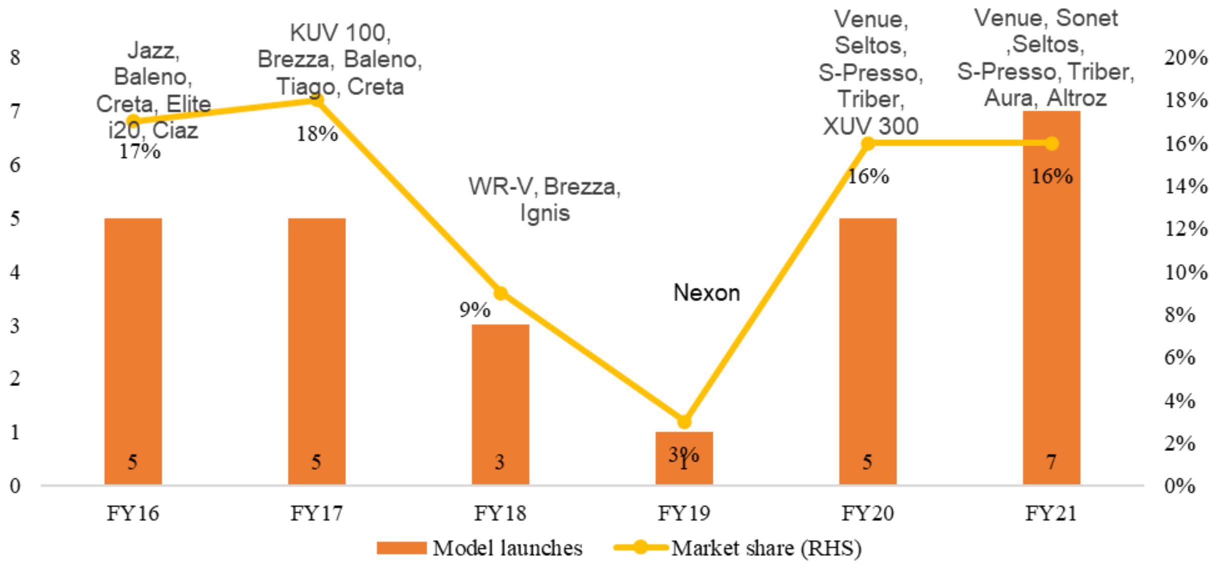
  – New models launched by manufacturers

  – Increase in offerings because of new entrants such as Kia Motors, MG Motors, etc.

Apart from rising sales of existing models, sales of new models have supported overall industry growth in the past few years. Majority of the models are in the UV segment leading to its growth.

New models launched in fiscal 2019 contributed to a mere ~3% of domestic sales that fiscal. However, they gained significant traction in fiscal 2020, leading to ~16% market share. Though launches planned in the first half of fiscal 2021 were deferred due to the pandemic, those within the small car segment, such as S-Presso, Altroz and Aura are expected to gain market share this fiscal. Upcoming models such as Nissan Magnite, Renault HBC and Tata HBX are also expected to gain traction.

Share of newly launched models in total passenger vehicle sales



Note: A vehicle is considered a new launch for a year and a half past its launch. A new launch winning at least 1% share in fiscal year is considered a major launch

Source: SIAM, CRISIL Research

- Cars on subscription

  - Cars have always been an aspirational purchase for Indian consumers. However, new startup business models based on 'cars on subscription' are gaining traction because of convenience, low upfront costs as well as involvement of young, dynamic population in the customer base, which prefers an asset-light lifestyle.

  - In the case of fixed-cost subscription, the consumer pays a periodic sum of money for the use of a vehicle for the subscribed period. Subscriptions can be for any length of time and can be cancelled at any point of time. It also allows the customer to upgrade or change cars after the subscription period. Associated costs of the car, such as insurance, taxes, service and maintenance, repairs and roadside assistance, are borne by the subscription provider. This reduces the burden of down-payment for the consumer, along with the additional costs associated with car ownership.

  - The subscription-based car ownership increases the affordability of consumers substantially.

  - Subscribing for a vehicle entails a lower initial cost compared with buying a new car, which requires a hefty down-payment. Thus, it can have a positive impact on the industry and increase the penetration of cars in the country.

  - However, considering the fact that ~40-50% customers are first-time car buyers, the aspirational value of ownership can hinder the success of the subscription-based model.

  - Currently, retail leasing is still in a nascent stage in India and, thus, remains a key monitorable in the long term for impact on the industry

- Future growth drivers for the exports market

  While predominantly a small car exporter, India has strongly emerged as an exporter of mid-size sedans and UVs with a growing acceptance of vehicles manufactured in India. The share of cars segment reduced from 82% in fiscal 2016 to 65-70% in fiscal 2021 as a percentage of overall exports. Consequently, the share of UVs increased from 18% to 30-35%.

Latin America occupies the highest proportion in PV exports from India, followed by Africa. Indian OEMs have diversified their exports by exploring newer geographies. New markets like Saudi Arabia, the UAE and South Africa have shown significant demand growth. The US, which had nil share till fiscal 2018, garnered ~10% volume share as of fiscal 2020, mainly driven by export of the Ford Ecosport. Exports to South Africa, Italy, the UAE, Saudi Arabia, Peru and Bolivia also witnessed growth in fiscal 2020, with the launch of new models such as the Hyundai Venue, Maruti S-Presso, Renault Triber and Kia Seltos.

Below factors are likely support growth of PV exports from India

- Capacity expansion by top players
- Stable crude oil prices to aid demand from African and Latin American geographies
- Continued expansion undertaken by players into newer markets
- Production-linked incentive (PLI) scheme, expected to provide further boost to the exports

Impact of regulatory changes on domestic passenger vehicle sales

Impact of corporate average fuel efficiency (CAFE) norms

The Paris Agreement, enforced from November 2016 onwards, and ratified by India, set the objective of limiting the global temperature rise this century well below 2 degree Celsius over pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. The greenhouse gases emissions reduction that would be compatible with this target would require a significant increase in the share of zero or low emission vehicles over the coming years. These regulations, combined with growing environmental and sustainability consciousness of the population, will lead to a major transformation of the global auto industry from internal combustion engine to green mobility technologies (such as hybrid vehicles, BEVs, fuel cell vehicles and alternative-fuel vehicles).

Fuel consumption standards for Indian vehicles came into force in India in April 2017 for petrol, diesel, liquefied petroleum gas (LPG) and compressed natural gas (CNG) passenger vehicles. These standards are based on the CAFE system and targets to bring about improvement in fuel consumption of passenger vehicles by 2022. The policy supports a continuous reduction in CO_2 emissions through CAFE regulations.

These regulations were first implemented on April 1, 2017 with the introduction of BS-IV emission norms. It was decided that the highest permissible carbon footprint would be 130 gm per km till 2022. Thereafter, it would be further reduced to 113 gm per km. This is expected to incentivise the shift towards greener technology such as hybrids and EVs.

Upcoming regulatory changes and safety norms

The Indian PV industry has seen a host of safety and regulatory changes in the past 3-5 years. Implementation of CAFÉ norms will further help in the cleaner fuel emission. CRISIL Research expects other safety features such as electronic stability control (ESC) and autonomous emergency braking (AEB) to be implemented on all cars to reduce road accidents.

When a driver attempts an ‘extreme manoeuvre’ (e.g., one initiated to avoid a crash or due to misjudgement of the severity of a curve), they may lose control if the vehicle responds differently as it nears the limits of road traction than it does during ordinary driving. In order to counter such situations in which loss of control may be imminent; ESC uses automatic braking of individual wheels to adjust the vehicle's heading if it departs from the direction the driver is steering.

AEB is a driver assistance system that relies on a network of radar sensors mounted behind the vehicle's front grille or windshield to gauge the surroundings and monitor basic driving conditions such as speed, acceleration and proximity to obstacles. If the risk of an accident is detected, the system prompts the driver to brake by providing audible and visual warnings. If the driver fails to react in time, then AEB is even capable of braking autonomously to prevent an accident altogether or at least reduce the impact of collision.

Estimated Penetration of Electric PVs by fiscal 2026

Regulatory roadmap key for rise of electric mobility in India

The US and China have seen an acceleration of sales of electric/hybrid cars, as most major global original equipment manufacturers (OEMs) have one or more models in their portfolios in these countries. With more model launches by OEMs, issues of range anxiety being addressed, and declining battery prices, CRISIL Research expects electric vehicle (EV) volume to grow at a faster pace globally.

Currently, in India, the charging infrastructure required for EVs is not in place. With the Indian automobile industry seeing a slew of regulations and norms in the past few years, OEMs are skeptical about investing in EV manufacturing here.

The implementation of the National Electric Mobility Mission Plan, 2020 and other policy initiatives by the government to address infrastructure-related issues are key monitorables for the sector over the next five years. The government has announced Rs 100 billion for Phase 2 of Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME). The policy aims to provide a subsidy of Rs 10,000 per KWh to four wheelers (BEV (battery electric vehicle), PHEV, strong hybrid) for commercial purpose and public transport. It also mandates minimum range to be ~140 km and maximum ex-factory price to be ~Rs 15 lakh. It envisions creation of infrastructure for charging of EVs. CRISIL Research expects initial adoption rate to be high among cab aggregators.

Delhi has announced an EV policy that would provide purchase incentives of up to Rs 1.5 lakh for the first 1,000 electric cars. The benefit would be provided in addition to FAME-2 policy benefits. The Telangana government is also providing 100% exemption of road tax and registration fee on purchase of the first 5,000 electric cars. The Tamil Nadu government is providing 100% exemption for battery-operated vehicles (BOVs). Such regional push will further enable adoption of EVs. Further individual tax payers are allowed to take a deduction on interest payments up to Rs 1,50,000 towards electric vehicles under Section 80EEB. The benefit is available on EV loans sanctioned over 1st April 2019 till 31st March 2023 period. Such favourable tax laws are expected to encourage electric vehicle adoption for personal mobility.

The government is also considering the establishment of a 40-gigawatt (GW) battery manufacturing plant to boost EVs and renewable energy initiatives. However, for any path-breaking changes to happen in the EV market, OEMs need to make more investments and the government should devise clear policies. Among the challenges, infrastructure shortage needs to be resolved urgently.

Electric PVs to contribute to 4-6% of domestic sales by fiscal 2026

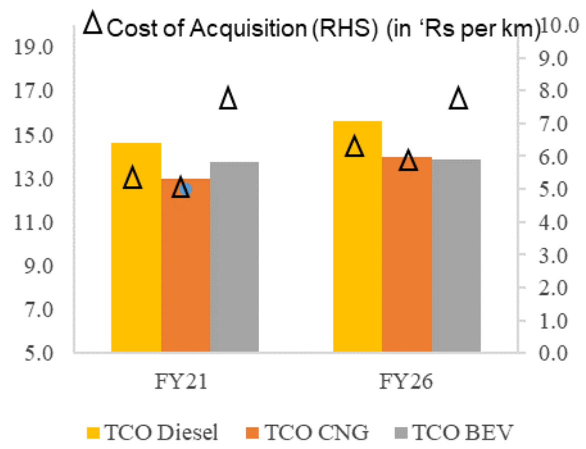
As it stands, FAME-II subsidy is incentivised only towards commercial use. No benefits are provided to personal car owners. Following are the findings of our analysis on the cost of ownership of an electric passenger car versus petrol, diesel and CNG variants for cab aggregators. CRISIL Research has also compared the cost of ownership of an electric passenger car with the petrol variant of a passenger car.

In case of commercial application like cab aggregators, Total Cost of Acquisition (COA) for EVs almost 50% higher for diesel and CNG vehicle. However due to heavy running of the vehicles the Total Cost of Ownership (TCO) of EVs for cab aggregators is lower for EVs compared with diesel alternatives by ~6% and higher by ~6% than CNG alternatives even in fiscal 2021. By fiscal 2026 TCO for EVs is likely to be lower by 11% in with diesel alternatives and marginally lower for CNG alternatives. The lower battery cost is expected to offset the lack of FAME subsidy and will help maintain competitiveness of BEVs against diesel and CNG variants for cab aggregators.

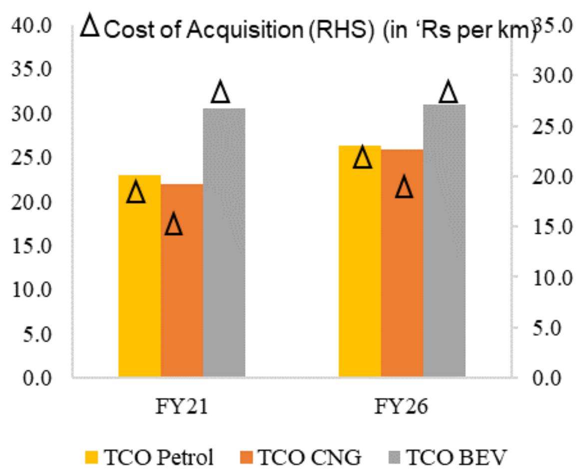
Charging infrastructure, range anxiety and lack of large OEM presence is hindering EV adoption in India. However, battery swapping business model can help in reducing cost of acquisition for buyers, range anxiety, drastically reduces refuelling (charging) time and assuage customer concerns around life of a battery or need for replacement of a battery. However, success of battery swapping also depends on standardization of battery specifications by a central/nodal authority and along with commitment of substantial investments by swapping infrastructure providers for establishment of a dense network of swapping stations across parts of India.

The taxi segment accounts for 10-15% of sales within passenger cars, and within the taxi segment, cab aggregators (accounting for ~40-50% of total sales within the taxi segment) are expected to lead adoption of EVs. This should result in an estimated ~25% adoption of EVs within cab aggregator segment by fiscal 2025 (assuming adequate infrastructure is available by then).

Cab aggregators use case: TCO and COA of EVs is lower due to higher running



Personal use case: High TCO and COA of EVs remain a challenge until fiscal 2026



Note: Total cost of ownership analysis framework takes into consideration down payment/ initial payment, EMI, fuel cost, maintenance cost and battery replacement cost if any over the ownership period adjusted for the resale value TCO is in Rs per km; For cab aggregators, compact sedan has been considered for assessment whereas in personal application hatchback has been considered for evaluation; Holding period of 4 years and 5 years is being considered for cab aggregator and personal use case respectively; annual running of 62,500 km and 12,000 km considered for cab aggregator and personal use case respectively.
Source: Industry, CRISIL Research

TCO and COA of electric personal cars are still higher (~33% and ~78%, respectively) compared with the petrol alternative and higher by (~39% and ~53%, respectively) due to their lower running. Therefore, EVs are currently not a viable use-case. In fiscal 2026 however, the gap is expected stay higher prohibiting EV adoption in personal usage segment. In addition, availability of charging infrastructure and range especially for intercity travels are likely to be key bottlenecks for adoption of EVs in the personal car segment.

Hence, CRISIL Research expects the share of EVs in total passenger car sales to remain low (4-6%) in fiscal 2026. Penetration in fiscal 2021 was ~0.16%. EV penetration can be higher if government adopts stricter policies on OEMs for not meeting CAFÉ norms. The exact quantum of EV penetration in an aggressive case depends on incentives given for adoption and setting up of charging infrastructure. EV penetration will also be propelled by policies adopted by the government for penalising non-adherence to CAFÉ norms.

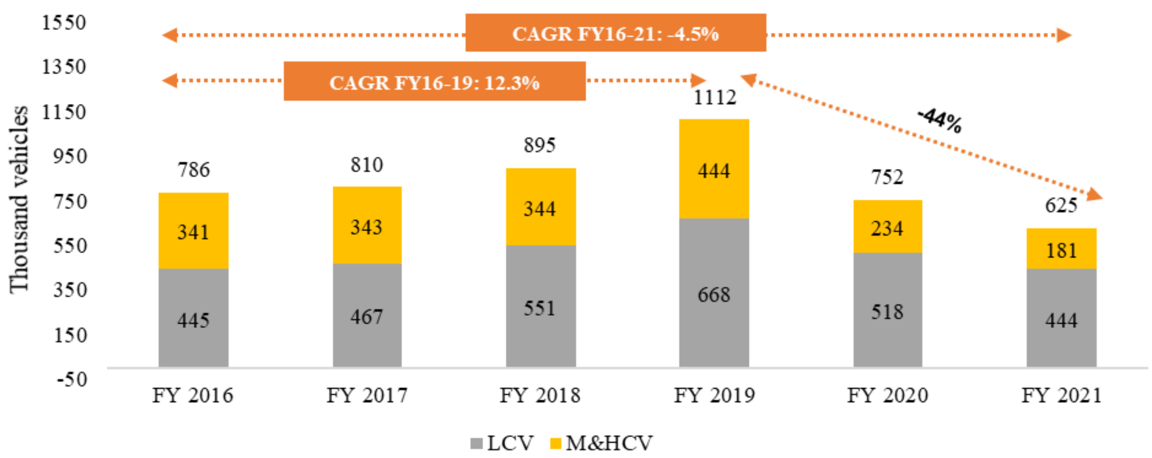
Review and outlook on the Indian commercial vehicle industry

Review of Indian commercial vehicle industry (fiscals 2016 – 2021)

Historic production development (fiscals 2016 to 2021)

Production of commercial vehicles (CV) in India registered a decline of 1.1% compound annual growth rate (CAGR) from fiscal 2016-2020. Domestic sales posted marginal growth of CAGR 1.1%, whereas exports declined by CAGR 12.4% between fiscals 2016 and 2020. In fiscal 2021, production decline by ~17% over fiscal 2020 as the COVID-19 pandemic and ensuing lockdown measures by the government posed severe demand as well as supply-side challenges for industry.

CV production by vehicle segments



Note: LCV includes vehicles with Gross Vehicle Weight (GVW) less than or equal to 7.5 tons; M&HCV includes vehicles with GVW greater than 7.5 tons
Source: SIAM and CRISIL Research

Over fiscal 2016-2019, industry production, in fact, grew at CAGR 12%, driven by a pick-up in domestic rural industrial activity growth and the government focus on infrastructure investment post fiscal 2015. A large portion of this production jump was led by robust demand for goods carriers which clocked a CAGR of 14.1%, whereas passenger carrier production declined by CAGR 1.7% over fiscal 2016-2019.

The production drop in fiscal 2020 was on account of inventory correction as the industry transitioned from BS IV to BS VI emission norms and a tepid demand for CVs due to a general slowdown in the economy and slower government infra spending post the general election. In addition, policy changes in Sri Lanka, one of the major industry export markets, proved to be a major blow to industry exports.

Overall CV production declined over fiscal 2016-2021 by 4.5% CAGR; MHCV production declined by CAGR of ~12% and the LCV segment stayed flat in fiscal 2021 over fiscal 2016 production. However, if we look at fiscal 2016-2019, industry production in fact grew at CAGR 12% due to a sharp 15% CAGR growth in LCV segment and 9% growth in M&HCV.

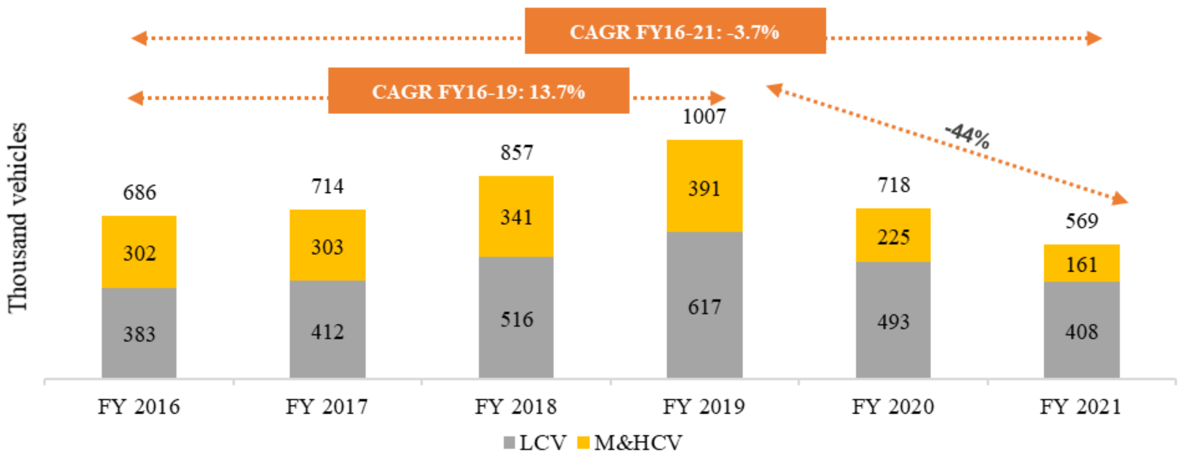
Faster growth in LCV production was on account of strong domestic demand, supported by higher replacement demand over fiscal 2018 to 2020, improved rural sentiments and growing e-commerce penetration. Even during the pandemic, improved rural sentiment and a lesser impact of the pandemic on rural areas resulted in LCVs outperforming M&HCVs.

Over fiscal 2016-2019, MHCV bus production declined by CAGR -5.8%, accentuated by a restriction on sales in Sri Lanka. Even on the domestic front, MHCV bus sales declined by CAGR -3.4% over fiscal 2016-2019.

Split by commercial vehicle category

Between fiscals 2016 and 2020, domestic CV sales logged 1.1% CAGR. In fact, over fiscal 2016-2019, domestic sales clocked a CAGR of 14% on the back of robust 17.2% CAGR sales growth in light commercial vehicle (LCVs) and 9% in medium and heavy commercial vehicles (M&HCVs). Over fiscal 2016-2019, goods vehicles sales clocked a CAGR of 16%, even as bus demand remained flat.

Review of CV segmentwise domestic sales



Note: LCV includes vehicles with Gross Vehicle Weight (GVW) less than or equal to 7.5 tons; M&HCV includes vehicles with GVW greater than 7.5 tons
Source: SIAM and CRISIL Research

In fiscal 2017, CV sales saw a 7% on-year rise over April-October. However, after demonetisation (November 2016), a cash crunch in the economy negatively impacted industrial output and slowed sales growth. However, fiscals 2018 and 2019 witnessed strong recovery and a healthy 17-20% growth, supported by the government's focus on road and housing infrastructure development. In fiscal 2020, the industry witnessed a sharp de-growth on a high base due to inventory adjustment on account of the transition to BS-VI.

Normal monsoons from fiscal 2017 to 2019, minimum support price (MSP) support from the government and a pick-up in rural construction activity supported demand from the rural side supporting growth for LCVs. Over fiscal 2016 to 2020, the rise of e-commerce was among the major factors for a pick-up in demand for LCVs and intermediate commercial vehicles (ICVs). If we look at fiscal 2016-2020, goods vehicles sales clocked a CAGR of 7.5% growth in LCV and over fiscal 2016-2019; goods vehicles sales clocked a CAGR of 19% growth. Even during the pandemic, improved rural sentiment and a lesser impact of the pandemic on rural areas resulted in LCVs outperforming M&HCVs.

Over the last five years, the industry weathered major challenges on account of events like demonetisation, NBFC crisis, implementation of axle load norms, changes to insurance norms and the transition to BS VI emission norms. A culmination of multiple factors like the NBFC crisis, the implementation of axle load norms, changes to insurance norms and the transition to BS VI emission norms, particularly post the second of half fiscal 2019, resulted in a dampening of demand for CVs. Over fiscal 2016-2020, goods vehicles sales clocked a CAGR of 8% de-growth in MHCV segment.

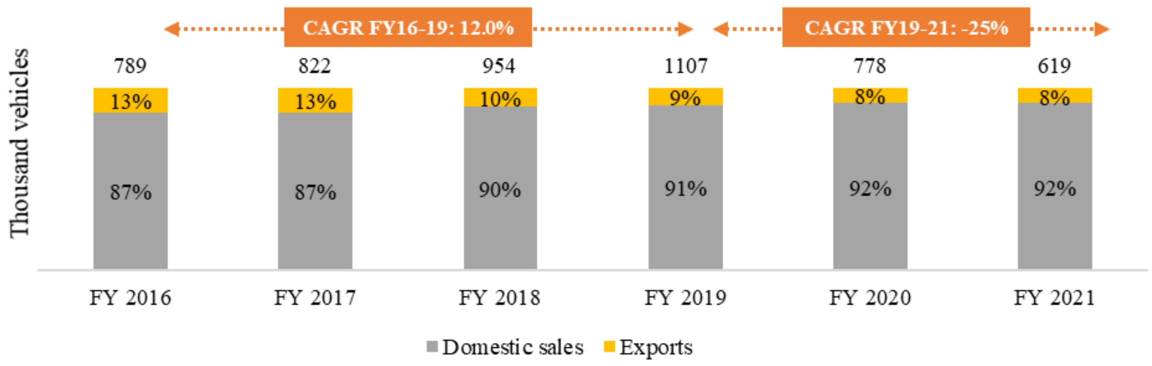
Demand for buses in fiscal 2020 was impacted due to safety regulations (emergency exit doors, fire detection and suppression, escape hatches and emergency lighting) that led to an increase in cost of ownership of ~Rs. 50,000. This was after a price hike of ~Rs. 15,000 due to mandatory installation of 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 inter-city travel operators. Weak corporate hiring and production cuts in manufacturing also impacted demand for corporate staff buses. However, schools and route permit buses have shown some resilience in fiscal 2020. Demand from state transport undertakings (STU) ramped up in the second half of fiscal 2020 as STUs look to replace much of their older fleet before the BS-VI price rise.

Recently, the pandemic brought the entire economy to a grinding halt, affecting profitability and sustainability of transporters due to lack of availability of freight demand. The industry is, however, now witnessing a gradual pick-up in quarterly sales as consumption demand and industry activity have started gaining pace.

Split by domestic sales and exports

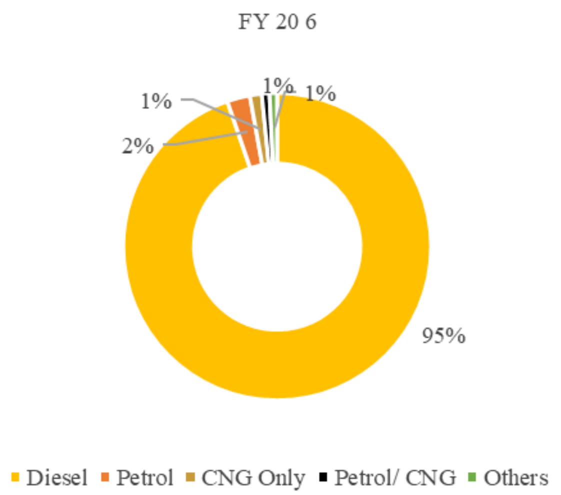
CV industry split into domestic sales & exports

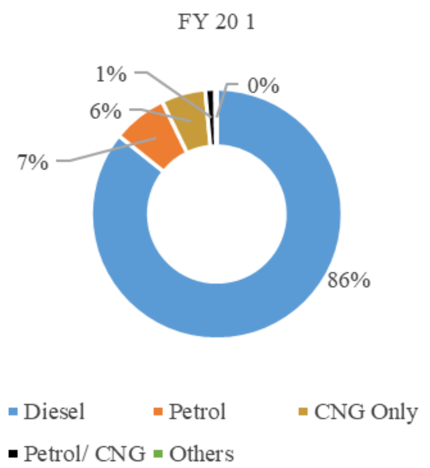


Source: SIAM and CRISIL Research

The Indian commercial vehicle market is primarily focused on the domestic market, with more than 90% demand from the domestic market in fiscal 2021. Contribution of exports to production, however, declined sharply in fiscal 2018 as demand from domestic market grew at a robust pace. Over fiscals 2019 and 2020, the share of exports continued declined as domestic manufacturers faced challenges in neighbouring Sri Lanka on account of restrictions on financing norms for automobiles and a hike in import duties. The Indian CV industry exports have been largely concentrated in neighbouring countries like Sri Lanka, Nepal and Bangladesh. In fiscal 2021, CV exports are likely to be lower as domestic OEMs will focus on the domestic market amidst supply chain constraints for critical components.

Split by powertrain





NOTE: Others include Liquified Natural Gas (LNG), fuel cell, etc.
Source: MoRTH and CRISIL Research

CV industry is majorly dominated by diesel powertrain. From fiscal 2016 to fiscal 2021, share of petrol and CNG has seen an increase. This is mainly on LCV and buses side.

Key historic regulatory/ macroeconomic trends

Axle load norms

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 could only be availed by transporters ferrying bulk goods which constitute 35-40% of truck movement. Movement of bulk goods in billion tonne-kilometers (BTKM) terms via road is expected to fall 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.

The only saving grace would be transportation of voluminous non-bulk goods (60-65% of truck movement) which, while being unaffected by axle norm, are impacted by slowing consumption demand in fiscal 2020. Moreover, as some bulk transporters were already 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 GVW truck would increase to 31T which would be similar to the erstwhile payload of a 40T GVW T-Trailer. Also, erstwhile 49T GVW T-trailer’s payload has now increased from 35T to 41T. However, load availability for 41T payload trailer 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.

Emission norms

In February 2016, the government decided to skip the Bharat Stage (BS)-V Emission Standards and move directly to BS-VI norms by April 2020. The stringent BS-VI norms Iincorporate substantial tightening of nitrogen oxides (NOx) and particulate matter (PM). These emission standards pushed vehicle prices higher, diesel trucks and buses segment witnessed a higher rise in costs due to the significant upgradation of engines and exhaust systems.

According to our estimates, implementation of the BS-VI norms will result in a 12-15% hike in the cost of diesel trucks. Percentage increase in vehicle price for BS VI models over BS IV was more pronounced in LCV trucks and buses. Percentage price increase was relatively lower for tractor trailers and MAVs.

As the BS VI norms were implemented in April 2020, increased vehicle prices, subdued finance availability resulted in sudden increase both initial cost of acquisition and total cost of ownership as the freight scenario remained lacklustre, impacting viability for transporters.

Higher safety measures for buses

Safety regulation regarding vehicle tracking and panic buttons were introduced in January 2019. Later regulations related to fire detection system, escape hatches, emergency lighting, and emergency doors were implemented in April 2019. These regulations resulted in bus prices increasing by Rs 65,000, in addition to regular price increases.

Historic growth drivers for Indian commercial vehicle exports

More than 90% of the commercial vehicle exports are to Asia, Africa and Middle East regions as on fiscal 2021.

In Asia, demand from Bangladesh, Srilanka and Nepal drives the CV exports. Since, all the major markets are developing nations, increase in infrastructure activities has been the major drivers in CV exports from India. Geopolitical issues (border tensions) create challenges in exports. In 2020, when Srilanka banned exports (other than essential commodity), CV exports from India to Srilanka came to a still point. Border closures, foreign currency issues, sanctions on a few countries has led to impaired CV exports in past.

Africa is another major market for CV exports from India. Rise in infrastructure activities, mainly in mines, aids CV exports from India.

During pandemic, CV exports had fallen by 17% yoy in fiscal 2021 led by drop in exports of buses by 52% yoy. Push for infrastructural activities, freight availability of essential commodity cushioned CV exports in fiscal 2021.

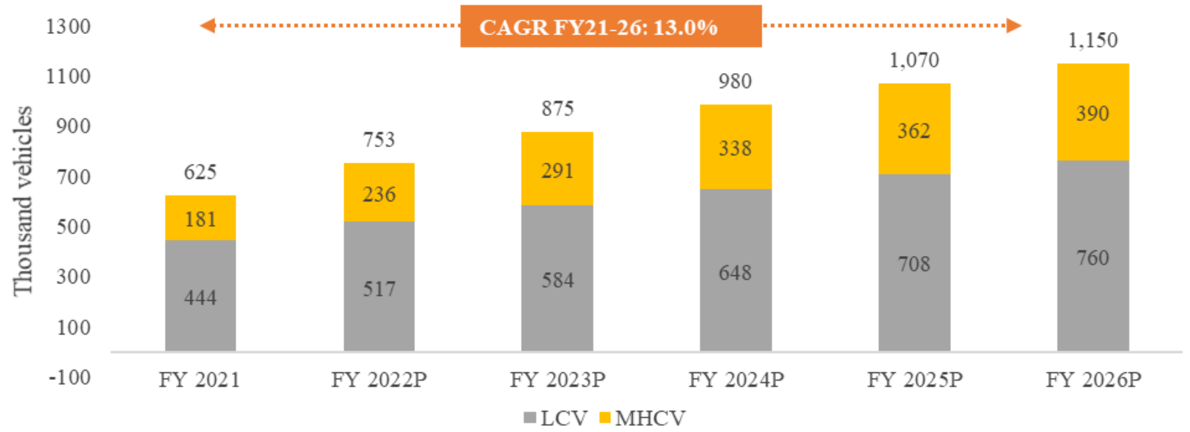
Outlook of Indian commercial vehicle industry (fiscals 2021 – 2026P)

Production outlook (fiscals 2021 – 2026P)

Production of CVs in India is expected to increase at 13.0% CAGR over fiscals 2021 to 2026. MHCV production is expected to grow by CAGR of 16.6% and the LCV segment is expected to show CAGR growth of 11.5% in fiscal 2026 over fiscal 2021 production.

MHCV buses segment in particular is expected to rebound sharply, growing at 35-40% CAGR over fiscals 2021 to 2026. In fiscal 2021, though, the production of buses has sharply declined because of low people mobility due to the pandemic. But fiscal 2022 onwards, production of buses is projected to rise exponentially as sales recover on a low base of fiscal 2021 on account of availability of vaccine. Also, production for goods vehicles is estimated to grow at 12.3% CAGR over fiscal 2021-2026

CV production outlook



Note: LCV includes vehicles with Gross Vehicle Weight (GVW) less than or equal to 7.5 tons; M&HCV includes vehicles with GVW greater than 7.5 tons; P – Projected
Source: SIAM, CRISIL Research

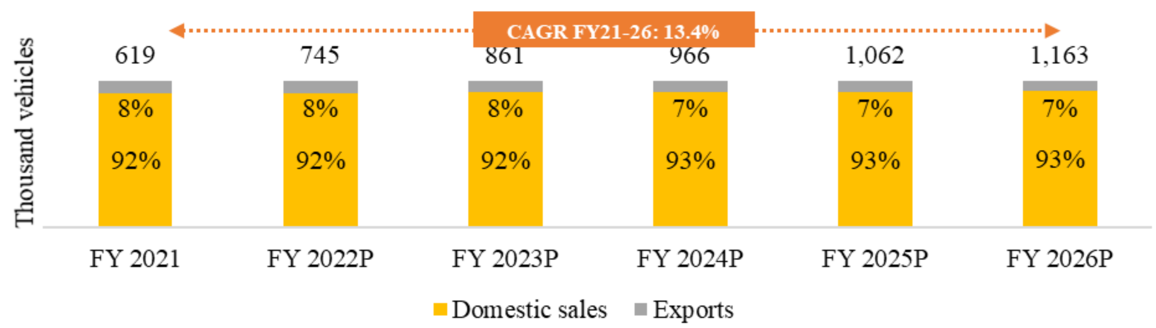
Split by domestic sales and exports

The Indian CV industry is expected to remain domestic-focused, with domestic sales comprising ~93% share of production even in fiscal 2026. However, with exports projected to grow at 10.0% CAGR over fiscals 2021 to 2026, its contribution in overall production is likely to marginally rise over fiscal 2021.

Second wave of COVID-19 outbreak led to lockdown in key affected regions in Q1 of fiscal 2022. This has impacted domestic sales across segments post a healthy Q4 of fiscal 2021. Consequently, LCV, MHCV and bus volumes decline by ~42%, ~63% and ~43% qoq (quarter-on-quarter) in Q1 of fiscal 2022 resulting in ~50% qoq decline in overall CV volumes. Also, with significant share of loans under moratorium amid low fleet utilsation and freight rates, risk-averse financiers to limit wholesale offtake.

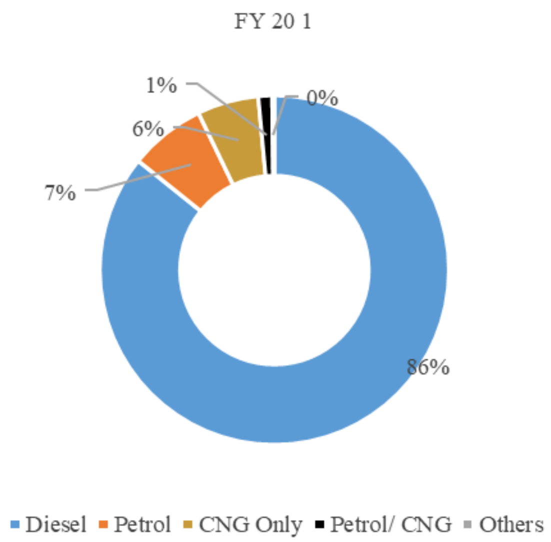
The reason for the export trajectory is manufacturers directing their investments into expanding their presence to other Asian countries from neighbouring countries, such as Bangladesh, Nepal, and Sri Lanka, and Africa and the Middle East. Domestic players are also considering setting up of assembly operations across multiple markets. Also, going forward, new product line-ups and technology upgradation will allow domestic players to enter relatively advanced markets of South-East Asia. Consultations with the Sri Lankan government is likely to again gradually open up the market for Indian exports in the near future.

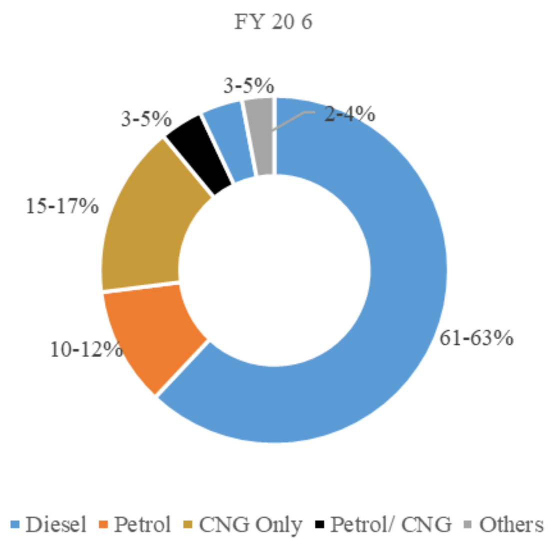
CV industry split into domestic sales and exports



Note: P - Projected
Source: SIAM, CRISIL Research

Split by powertrain





NOTE: Others include Liquified Natural Gas (LNG), fuel cell, etc.
Source: MoRTH and CRISIL Research

Powertrain mix in CV is expected to move towards alternate fuel such as CNG. Currently, CNG variants are available in Super Carry by Maruti, Mahindra Jeeto and recent ICVs launched by VECV. According to Petroleum Planning & Analysis Cell, India has 3,143 CNG stations in India as on April 2021. Government’s focus for gas-based economy has laid a target of 10,000 CNG stations by 2030. Industry is also exploring various measure to boost CNG ecosystem like mobile refilling CNG facility where CNG refilling facility will be setup in places such as shopping malls, offices, etc. Small commercial vehicle, LCV is expected to drive the shift towards CNG powertrains.

Post implementation of BS VI, petrol variants in small commercial vehicles have shown to have better economic viability compared to diesel variants. With implementation BS VI B emission norms viability for diesel powertrain is expected to get further impacted. OEMs like Tata Motors, Maruti Suzuki have recently launched petrol variants in small commercial vehicles, whereas other OEMs like Mahindra & Mahindra are also in the fray to launch petrol variants. These factors are likely to drive shift towards petrol from diesel powertrain in small commercial vehicles. LCV goods and buses will drive electrification in CV segment driven by intra city usage pattern, better economic viability and central/ state governments pushing for clean mobility CRISIL Research expects the penetration of electric CV to be 4% by fiscal 2026.

Key trends and growth drivers

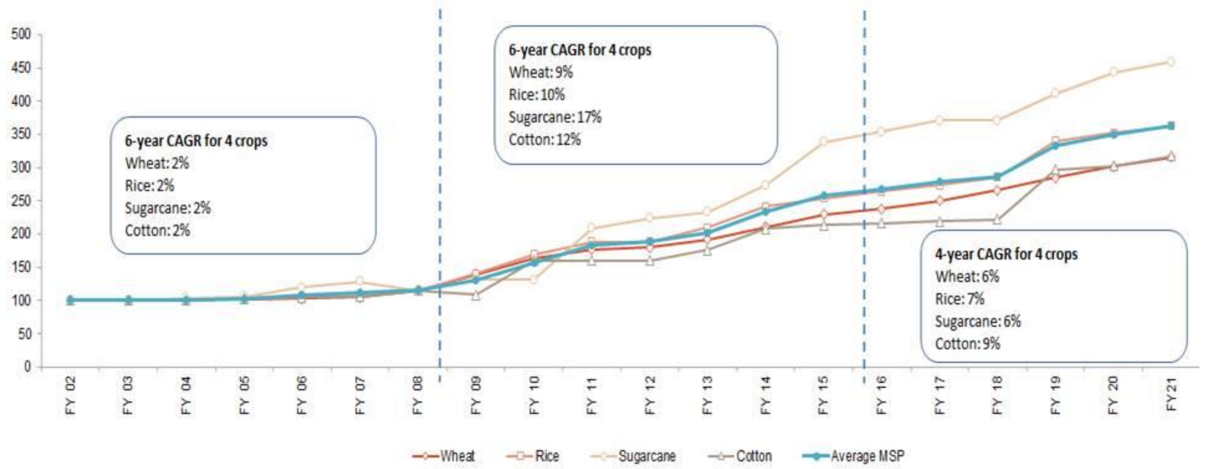
Stable agricultural output

Over fiscal 2021 to 2026, the following structural factors will support 4-6% gross value added (GVA) growth in agriculture.

The government aims to achieve its 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 average freight utilisation particularly in ICV (Intermediate Commercial Vehicle) and SCV (Small Commercial Vehicle) segments.

Stable hikes in MSP for cash crops have continued in the past, and are looking stable from fiscal 2021 to 2026. This will augment agricultural income, and will lead to new investments in the supply chain.

Hike in MSP



Source: Ministry of Agriculture, CRISIL Research

Fillip in industrial output

The Indian industry's GVA had been growing tepidly, averaging 5% between fiscals 2015 and 2020. After a weak fiscal 2021 due to the pandemic, CRISIL Research expects industrial GVA to bounce back rapidly in fiscal 2022 and later stabilise at around 6.3% CAGR over fiscal 2022-2026, driven by the government's focus on 'Make in India' and growth of consumption, particularly led by growth rural incomes. Moreover, improvement in infrastructure and higher expected corporate expenditure is likely to revitalise the capex cycle going forward, post fiscal 2021.

CRISIL Research expects coal production to expand at ~6% CAGR between fiscals 2019 and 2024, driven by rising demand for electricity and the onset of commercial mining, while iron ore mining will also likely grow at a healthy pace during this period, aiding tipper demand.

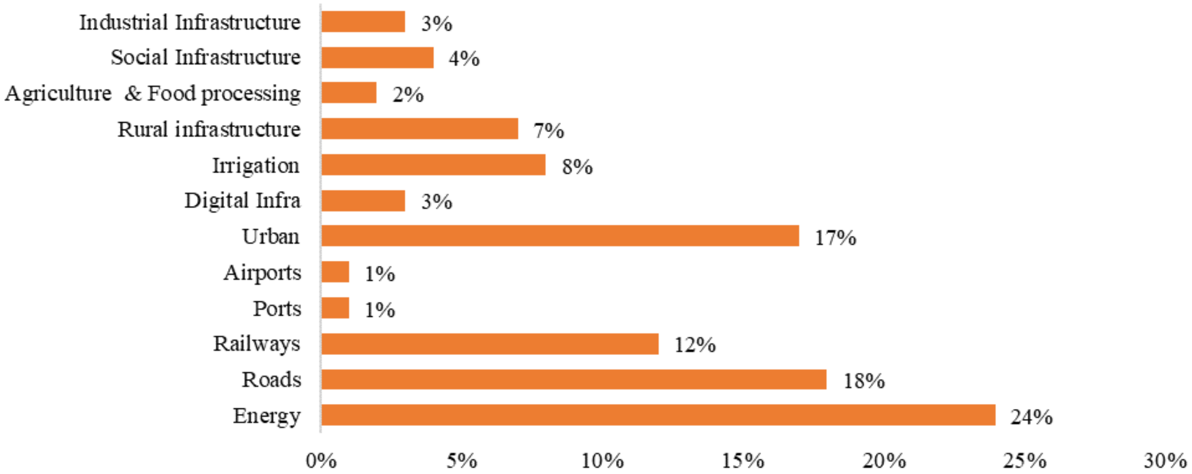
Government's focus on infrastructure

The National Infrastructure Pipeline (NIP) for fiscal 2019-2025 is a first-of-its-kind, whole-of-government exercise to provide world-class infrastructure to citizens and improve their quality of life.

Infrastructure investment in India from fiscal 2013 to 2019 was Rs 57 trillion. Power, roads and bridges, urban, digital infrastructure and railways together constituted more than 85% of the total infrastructure investment. The centre and states were the major funding sources for sectors such as power and roads and bridges, with moderate participation from the private sector. Digital sector investments were largely driven by the private sector, while investments in the irrigation sector were predominantly made by the state governments.

The total capital expenditure in infrastructure sectors in India during fiscal 2020 to 2025 is projected at Rs 111 trillion. The break-up of the plan is as below:

Sectoral breakup of NIP amounting to Rs 111 trillion



Source: Department of Economic affairs, NIP Volume I

The National Infrastructure plan aims to double infrastructure investment per year from the current average of Rs. 10 trillion per year to Rs 22 trillion per year. Of the total NIP of Rs 111 trillion, Rs 44 trillion (40%) worth of projects are under implementation, Rs 34 trillion (30%) worth of projects are at the conceptualisation stage, and Rs 22 trillion (20%) worth of projects are under development.

Almost 83% of project allocation indirectly benefits the commercial vehicle sector in India, and this push for infrastructure is a major driver of growth.

Scrappage policy

Recent regulations such as the axle norm, bus body code, mandatory anti-lock braking system, speed governors, enforcement of BS-VI 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 incentivising the scrapping of vehicles sold before April 2005 (15 years old). After deliberations on the modalities regarding the implementation of the norm, the government currently aims to promote vehicle scrapping by exempting registration charges for truck purchases made after scrapping older trucks. As the current registration charges are low (below ~ Rs 5,000), the government simultaneously aims to increase renewal of registration for older vehicles (to Rs. 40,000). To make it difficult to hold onto an older truck, trucks older than 15 years are also expected to get a 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 the scrapping of 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 to 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 incentivised for scrapping of vehicles older than 15 years, we expect 6,00,000- 6,50,000 MHCVs to be available for scrapping. CRISIL estimates that incentive of more than Rs 90,000 for 16T MCV and incentive of more than Rs 1,00,000 would be needed to scrap for trucks older than 15 years. At a similar quantum of scrappage incentives, additional demand of 1,00,000-1,30,000 can be expected from buses.

Commissioning of DFCs to put brakes on road freight and hence CV sales

The dedicated freight corridors (DFCs) will help the Indian Railways regain lost freight share, by cutting turnaround times between importing and consuming destinations. Not only will the DFC bring about faster freight movement, but it will also allow for faster evacuation of cargo from the ports, thereby improving efficiency. In fact, the DFCs and the associated logistics parks will be able to help industries significantly reduce plant-level inventory as well, thereby enabling savings in working capital. And the shifting of freight to rail will aid the economy by decongesting major highways.

Thus, the roads segment, which has outperformed rail over the past decade, will lose some share once the DFCs are commissioned in fiscal 2023.

Within the CV space, Tractor trailers will be the most vulnerable to competition from the railways, following completion of the eastern and western DFCs. These routes account for more than 20% of pan-India primary freight in billion tonne kilometer (BTKM) terms. Container traffic (~65% share in the western corridor) and bulk commodities (~89% in the eastern corridor), which dominate the freight carried on the two routes, are expected to shift to railways, thus affecting the sales of MHCVs, especially tractor trailers.

End use sector outlook (FY21 - FY26)

Key end use segments and outlook		
Sectors	**Growth outlook (FY21-26)**	**Key aspects**
Coal	2-2.5%	Growth in coal based power generation Demand from allied sectors such as cement and sponge iron
Steel	6-7%	Building and Construction major demand creator in this segment Demand will be led by rural housing / affordable housing and commercialization of Tier III/IV cities Infrastructure demand as per NIP, also plays an important factor
Cement	4-5%	
Port movement	3-5%	Iron ore exports to support growth, as global demand for steel increases. POL trade (imports) particularly in LPG poised to go up
Road Investment	8-10%	National Infrastructure plan (NIP) to drive investment in infrastructure on roads and highways. CRISIL expects GoI would be able to achieve 80-85% of targeted investments
E Commerce	10-15%	Food, Fashion and Grocery segment to grow at a faster rate as penetration increases. E Retailers will focus on expansion in Tier I/II cities in this period

Source: SIAM, CRISIL Research

MHCV segment to log high growth up to fiscal 2026

Goods MHCV sales are projected to rise 15-17% CAGR from fiscals 2021 to 2026 vis-à-vis ~10% CAGR posted between fiscals 2016 to 2021. The rise in sale will be despite a shift to lower tonnage vehicles due to the axle norm. The tonnage addition will be because of a better product mix, i.e. higher growth in MAV and T-Trailer demand. A note here: The long-term growth forecast is over a low base, with sales skidding ~43% CAGR over fiscals 2019 to 2021 on account of economic slowdown and the pandemic.

Factors driving long-term MHCV sales will be improving industrial activity, steady agricultural output, and the government’s focus on infrastructure. However, further volume growth will be limited due to efficiencies achieved post introduction of the GST regime, better road infrastructure, along with commissioning of the DFCs.

LCV sales to grow at modest pace in long run

LCV demand is expected to rise 11-13% CAGR from fiscals 2021 to 2026, owing to higher private consumption, low penetration levels providing headroom for growth, greater availability of redistribution freight, and improved finance availability post fiscal 2021.

Within LCVs, the shift towards pick-ups (which carry higher loads) from sub-one tonne vehicles, though, will curb a sharper increase in sales volume, as fewer trucks will now be required to transport the same quantity. Also, upper-end light commercial vehicles (ULCVs) offer the transporter lower returns, as compared with ICVs, and are most suited for captive use. Entry restriction within city limits on ICV trucks and higher tonnage MHCVs is expected to keep demand from this segment buoyant. However, higher toll on ULCV trucks vis-à-vis pick-ups will limit ULCV trucks’ growth.

Bus demand to grow moderately in long run

CRISIL Research projects domestic bus sales to expand at 30-32% CAGR till fiscal 2026 on a very low base of fiscal 2021 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. A large part of the demand will be from replacement of Jawaharlal Nehru National Urban Renewal Mission buses, which were sold during fiscals 2011 and 2012, once funds are released by the Centre and state governments for the purchase of buses. This replacement is expected to gain pace post fiscal 2021, aiding long-term MCV bus growth. However, further expansion in bus sales would be affected by the commissioning of metro rails and monorails in several cities.

Key upcoming regulatory changes

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

Goods vehicles (>3.5T GVW) manufactured either by a vehicle manufacturer or a body builder on drive-way chassis vehicles had to comply with provisions of AIS-093 (Rev. 1) in two stages - the first level of compliance in October 2018 and the second 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 standardisation in truck body-building, we expect consolidation among truck body builders, as small players may not be able to meet testing requirements. With standardisation, financiers are also expected to be more willing to fund the generally unsupported body building cost. This will reduce the initial down payment for truck purchase, minimising 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 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 stakeholders, BS-IV-compliant diesel vehicles of categories M3 and N3, with GVW of 12T and above, will have to comply with these norms. These vehicles are required 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.

Electrification in commercial vehicles

Total cost of ownership assessment

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 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.

However, battery swapping helps in reducing cost of ownership in addition to reduction in range anxiety, drastically reducing refuelling (charging) time and assuage customer concerns around life of a battery or need for replacement of a battery. Several states are also supporting battery swapping by offering subsidies for capital investment in battery swapping stations. Success of battery swapping also depends on standardization of battery specifications by a central/nodal authority and along with commitment of substantial investments by swapping infrastructure providers for establishment of a dense network of swapping stations across parts of India. Also, financier community needs to be provided complete awareness about the same to facilitate vehicle financing. Battery stations are also likely to face viability challenges due to lower existing penetration of EVs in India.

In fact an addition to the same is MaaS (Mobility as a Service) in which there are many players that are planning to get into to build the entire ecosystem and this will also help reasonable EV penetration in the commercial EV segment.

TCO over 4-year period at FY22 and FY26 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. Even in the eighth year both electric and diesel versions are unlikely to break even for FY26 prices. At FY26 prices, electric vehicles are expected break even with diesel only in the 12th year of operation.

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 FY32, 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 4-6% even by FY26

FY22				**FY26**			
TCO period (years)	**4**	**6**	**8**	**TCO period (years)**	**4**	**6**	**8**
Diesel	4.7	4.1	3.3	**Diesel**	5.1	4.5	4.3
CNG	3.4	2.9	2.8	**CNG**	3.7	3.2	3.1
Electric	7.3	5.2	4.8	**Electric**	6.5	4.6	4.2

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 2026, 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.

FY22				**FY26**			
TCO period (years)	**4**	**6**	**8**	**TCO period (years)**	**4**	**6**	**8**
Diesel	16.1	14.5	13.7	**Diesel**	17.0	15.3	14.4
CNG	9.9	8.8	8.4	**CNG**	10.6	9.4	8.2
Electric	25.7	22.8	21.2	**Electric**	24.7	22.1	20.8

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 13-14 million cheaper than electric ones. While this cost gap would reduce going forward, electric buses are still expected to need capital of Rs 10-12 million by fiscal 2026.

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 FY26, which in turn may limit its penetration largely to the public transport (STU-State transport undertaking) segment.

FY22				**FY26**			
TCO period (years)	**8**	**10**	**12**	**TCO period (years)**	**8**	**10**	**12**
Diesel	26.0	24.8	23.4	**Diesel**	28.0	27.0	25.5
CNG	17.2	16.6	15.8	**CNG**	19.6	18.9	18.0
Electric	33.5	32.9	31.0	**Electric**	33.6	33.1	31.3

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. >10 million 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.

Although the total cost of ownership gap of electric trucks with diesel trucks is expected to reduce substantially by fiscal 2026, prohibitively high initial costs and relatively higher cost of ownership due need to replace batteries are expected to hinder adoption of EVs in HCV at negligible levels even by FY26. Higher leads and lack of availability of charging infrastructure on highways is also likely to hinder adoption in freight carriers.

FY22				FY26			
TCO period (years)	**4**	**6**	**8**	**TCO period (years)**	**4**	**6**	**8**
Diesel	38.2	34.8	22.7	**Diesel**	41.4	37.6	35.4
LNG	32.2	28.7	27.3	**LNG**	34.5	30.9	29.3
Electric	38.1	34.7	32.7	**Electric**	36.7	34.2	33.6

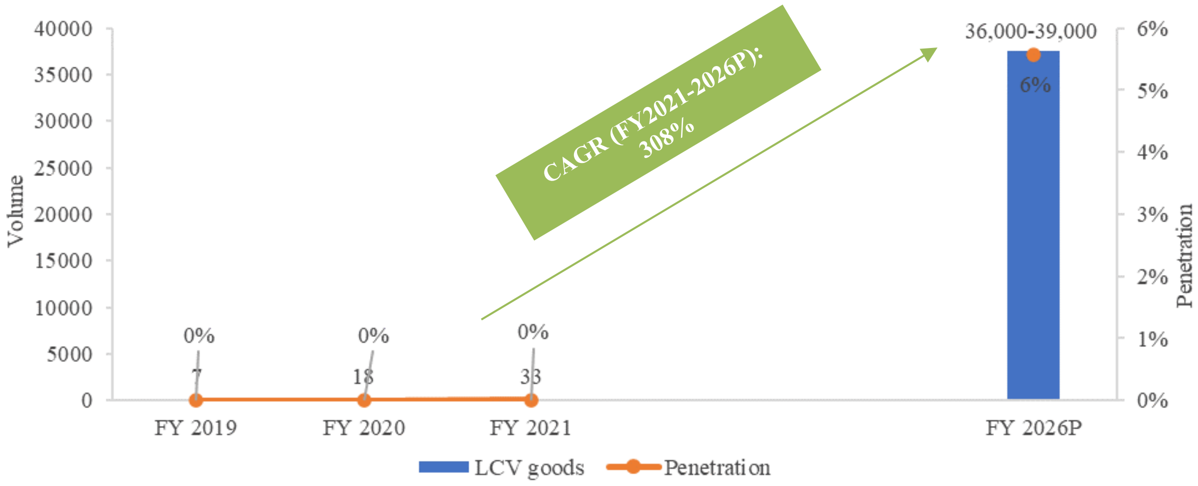
Note: Numbers denote total cost of ownership in Rs per km, TCO period units in years

Electrification outlook in commercial vehicle

Electrification in LCV goods vehicles

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, we 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.

EV LCV goods domestic sales outlook



Source: CRISIL Research

Consequently, EV sales in the LCV goods segment can rise to 36,000-39,000 vehicles by fiscal 2026 which would be about 6% 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. Ramp up in battery swapping station network, shift in preference by transporter, fleet operators to vehicles with battery swapping features, pick up in MaaS (Mobility as a Service) concept is likely to give tremendous push to electrification in LCV segment.

Electrification in HCV goods vehicles

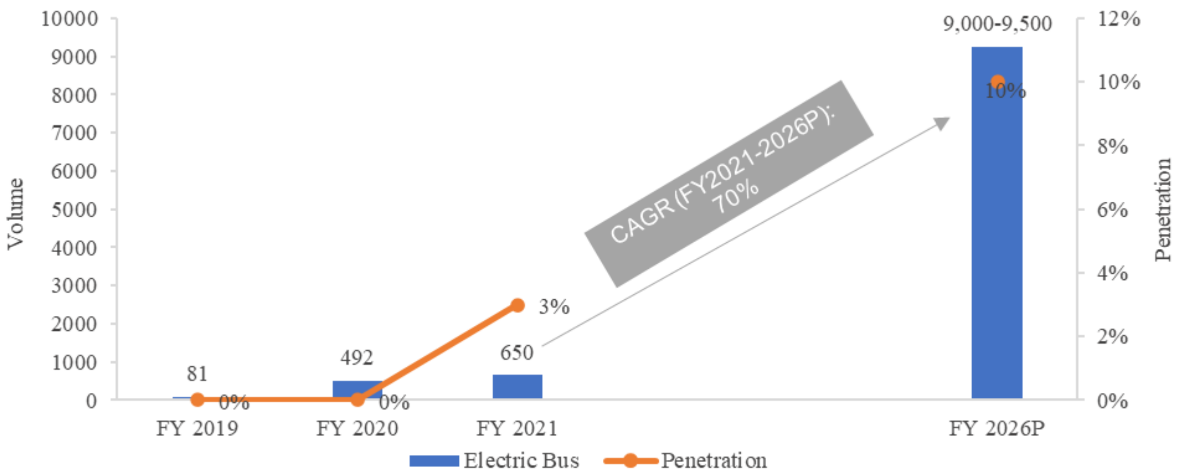
EV adoption in the HCV segment is expected to be negligible in the near future as operational profile makes them prohibitively expensive. Also, the current charging infrastructure is not suitable for larger batteries of HCVs, which will render electric adoption unviable for some time.

Electrification in 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 2022 due to the COVID-19 pandemic and hence we expect the subsidy amount to get carried over to coming years. CRISIL Research expects FAME subsidies to get extended for buses to FY24 due to o the current unutilized subsidy due to demand shocks from the pandemic.

CRISIL expects the Electric buses Industry to reach levels of about 10% or so of the overall Electric bus Industry, and reach volumes of about 9,000 to 9,500 buses by fiscal 2026. Ramp in battery swapping station network, preference to vehicles with battery swapping capability by State Transport Undertakings, urban transport bodies, and other bus fleet operators is likely to give tremendous push to electrification in buses segment.

EV buses domestic sales outlook

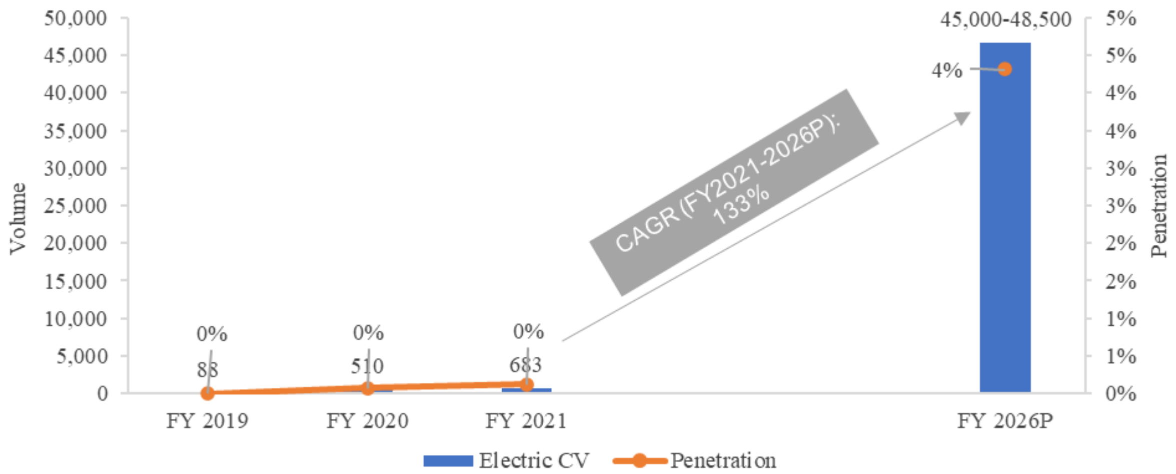


Source: CRISIL Research

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

Electrification in overall commercial vehicles

Electrification in overall commercial vehicle segment is expected to reach ~4% by fiscal 2026 driven by electrification in LCVs and buses.

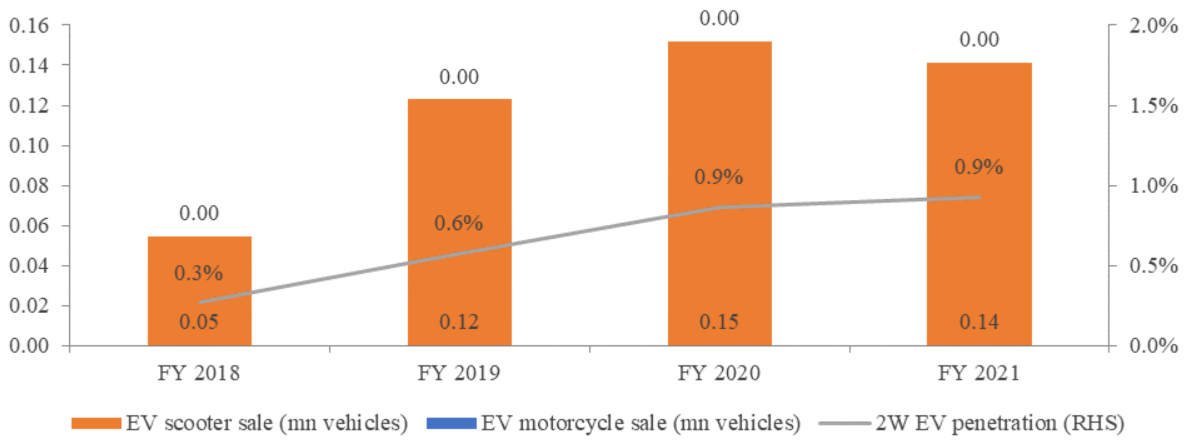


Source: CRISIL Research

Review and outlook of Indian electric two-wheeler industry

Historic electric two-wheeler sales development and EV penetration (fiscals 2018-2021)

Electric vehicle penetration



Note: EV penetration is calculated as number of electric two wheelers sold as a proportion total two wheelers (inclusive of ICE and EV) sold in India
Source: SIAM, SMEV, CRISIL Research

India is a signatory to the Paris Agreement under the United Nations Framework Convention on Climate Change. The country is also part of the EV30@30 campaign, targeting a 30% sales share for EVs by 2030.

The country is one the largest two-wheeler market by volumes globally. Two-wheelers also comprise a sizeable 75% of India's total automobiles. Thus, the electric revolution needs to have impactful actions in the two-wheeler segment.

Due to pandemic, even electric two-wheeler industry was hit in 2020. However, once the economy had started opening up, it emerged stronger. Despite the 2nd wave of covid, electric two-wheeler sale has outweighed the industry. As per the data released by SMEV (Society of Manufacturers of Electric Vehicles), In fiscal 2021, of the 0.144 million electric two wheelers sold in the domestic market

Electric motorcycle still at an infant stage

Various government measures, including faster adoption and manufacturing of hybrid and electric (FAME-I) policy launched in 2015, could not provide the required boost to electric mobility in India.

Penetration of electric motorcycles is also currently low on account of lack of availability of established electric model in affordable or premium segment. Factors, such as higher cost of ownership, unavailability of easy finance, lack of proper charging infrastructure in urban as well as rural areas, etc., are key constraints for adoption of electric motorcycles in affordable motorcycle segment. On the contrary, even a premium motorcycle user is hesitant to shift to electric motorcycle due to user preference for ICE motorcycles because of driving feel related factors, lack of availability of high-performance electric motorcycles at comparable price points to ICE, insufficient range profile of existing products, lack of charging infrastructure outside city limits. Customer perception however is likely to change as mainstream OEMs introduce electric motorcycle, there is an improvement in battery technology and also an improvement in battery charging stations or battery swapping stations beyond city limits.

Government's FAME policy to support EV two-wheeler

FAME-II

Launched in April 2019, the FAME-II policy was issued to drive ETW sales and curb pollution, targeting sales of 1 million high-speed ETWs by the end of fiscal 2022. Under the scheme, only advanced batteries and registered vehicles are incentivised, with a greater emphasis on providing affordable and environment-friendly public transportation options. Therefore, the scheme is mainly applicable to vehicles used for public transport or those registered for commercial purposes in the e-3W, e-4W and e-bus segments. However, privately owned registered e-2Ws are also covered under the scheme as a mass segment.

The scheme excludes lead-acid battery-powered two-wheelers. Additionally, as per the eligibility criteria, e-scooters ought to have a minimum range of 80 km per charge and a minimum top speed of 40 kmph, along with riders on energy consumption efficiency, minimum acceleration and a higher number of charging cycles. This precludes more than 90% of the remaining lithium-ion battery-driven models from the subsidy.

Earlier (in FAME-I), the incentive for lithium-ion battery-based two-wheelers stood at Rs 17,000 or Rs 22,000, based on the fuel savings potential, irrespective of the battery size. FAME-II has linked the demand incentive to the size of the battery, with the government providing Rs 10,000 per kWh of battery used per two-wheeler which was later hiked in September 2021 to 15,000 per kWh.

Further, to receive a subsidy under phase II, ETWs are required to source 50% of the components locally. The department of heavy industries in September 2020 extended the deadline for the localisation of several components under its phased manufacturing programme (PMP) for EVs from October 1, 2020 to April 1, 2021.

The government has announced an investment of about Rs 100 billion in three years for FAME II subsidy. Phase II of the subsidy scheme has stricter localisation norms and is aimed at promoting domestic manufacturing of EVs and components.

Other initiatives undertaken by central and state governments to promote EV

The Government of India, through various ministries, has formulated policies for the development of the EV sector in India. The Ministry of Power has revised guidelines for the distribution and sale of power. The following table lists some of the policies and their expected outcomes:

Policy	*Policy details*	*Expected outcome*
Reduction in the GST rate for EVs and chargers	*-From 12% to 5% for EVs, and 18% to 5% for chargers, effective from August 1, 2019*	*-EV acquisition cost came down. Fast-charging infrastructure cost also reduced*
Union Budget 2019-20	*-Income tax deduction of Rs 1.5 lakh on EV loans*	*-TCO decreased, especially for salaried professionals*
Warranty condition for eligibility of vehicle under FAME II (May 15, 2019)	*-Warranty condition revised to 3 years subject to 20,000 km; earlier warranty on vehicles was provided for one year only*	*-Customer perception of low quality of EVs will change*
FAME II subsidy (March 22, 2019) valid till FY22	*-1 million e2W to be given subsidy at Rs. 15,000 / kwh or 20% of ex-factory price (limited to Rs 1.5 lakh). In 2021, incentive per kWh increased by 50% (from Rs 10,000 to 15,000)*	*- e2W acquisition cost came down, with subsidy ranging up to 20% of ex-factory price for current models*
State EV policies	*-As on 2021, 20 states have come up with an EV policy. Of which 13 states have approved or notified dedicated policies to promote the adoption of electric vehicles. Atleast 18 states have EV policy* *-Policy entails supply and demand-side incentives*	*-Maharashtra, Delhi and Gujarat are offering incentives, further decreasing acquisition cost* *-Demand-side incentives include reduced tariff for EV charging, rebates on road tax, interest-free loans for auto component manufacturer, and cost split for skill development* *Supply-side incentives include interest subvention on investments made and stamp duty exemption*
PMP* (Phased Manufacturing Programme) *norms (April 29, 2019)	*-Increase in import duty on EV auto component parts from 10% to15% from April 2021*	*-OEMs not meeting localisation norms will not be eligible for the demand incentives* *-Moreover, the cost of importing parts is also set to increase from April 2021, if a sustainable and cost-effective domestic alternative is not found* **-This will increase acquisition cost of e2W** *-CRISIL Research's recent interactions with e2W OEM's suggest vehicle control units, battery packs, and lithium-ion cells are still being considered for substitution*
EV charging ecosystem	*-16 state policies in final and draft stages offer incentives for setting up charging stations*	*-Under FAME I, the government had sanctioned 520 chargers*

Policy	Policy details	Expected outcome
	- As per the Ministry of Power's notification issued on December 14, 2018, resale or commercial activity in electricity has been allowed for utilities/ service providers providing public charging infrastructure *-OMC (Oil marketing companies) retail pumps will be given priority for installation of public EV charging stations* *-Nine cities with a population of 4 million and above are the focus of phase I of the EV charging policy* *-There must be at least one charging station in a grid of 3 km x 3 km in cities*	*-Under FAME II, the government has sanctioned 2,636 charging stations across 62 cities* *-Fast and accessible charging will help reduce range anxiety and drive faster adoption of e2W*

Source: SMEV, FAME, DHI, and CRISIL Research

Maharashtra EV policy-

- The policy aims to have atleast 10% EV penetration in two-wheeler by 2025. At least 25% of the urban fleet operated by the fleet aggregators/ operators in the state to transition to EVs by 2025.

- Incentive of Rs 5,000 per kWh is declared for e-2W subject to a maximum incentive of Rs 10,000. Number of e-2W to be incentivised is 1 lakh.

- Buyers purchasing the EVs (except e-buses) before 31st Dec 2021 shall be eligible for 'Early bird discount'6 of INR 5,000/kWh of the vehicle battery capacity.

Gujarat EV policy-

- The policy supports the purchase of 1.1 lakh e-2W either for personal or commercial usage from July 2021 onwards.

- Incentive of Rs 10,000 per kWh for e-2W subject to maximum ex-factory price to avail incentive be Rs 1.5 lakh.

All the policies and regulations focus on decreasing the acquisition cost and building capabilities through the PMP scheme and the recently announced production-linked incentive (PLI) scheme.

Regulators are expected to play an important role in driving faster adoption of EVs. The FAME II scheme has an outlay of Rs 100-billion, with a major proportion dedicated to demand incentives; Rs 10 billion is earmarked for the development of charging infrastructure. Demand-side incentives under the FAME II scheme will last until fiscal 2022, and state EV policies (mostly of five-year tenure) will last until fiscal 2023. Continuation of policies after fiscal 2023 will play an important role in driving adoption of hybrid and EVs. Execution of the schemes will also be a key factor considering that only Rs 4.4 billion of the Rs 8.93 billion allocated to FAME I has been utilised.

Finance and charging infrastructure remain a hurdle for an EV buyer. For instance, Ola electric has tied up with various financiers, financiers having positive outlook towards electric two-wheeler remains crucial for the industry to grow. Sun Mobility aims to expand the charging station from about 60 right now to 500 by the end of this year and 50,000 by 2025

TCO Analysis

In a base scenario, for comparing TCO of EVs with that of ICE vehicles, CRISIL Research has considered battery prices dropping to $150 per kWh by fiscal 2026. Petrol price is assumed to remain at Rs 105 per litre, with no further increase over current prices. EV resale value as a proportion of initial cost (~35%) has been assumed to remain at the same level in fiscal 2026 as in fiscal 2022, which will probably improve over a period with better product availability in the market. Therefore, alternative scenarios developed will only show an upside for EVs. Continuation of FAME subsidies until fiscal 2026 is the only major assumption made in favour of 2W EVs.

TCO for scooters in fiscal 2022 for 4-year ownership

Annual running	8,000 km	10,000 km	12,000 km
ICE-equivalent 2W EV	31% lower cost than ICE	37% lower cost than ICE	42% lower cost than ICE

TCO for scooters in fiscal 2026 for 4-year ownership

Annual running	8,000 km	10,000 km	12,000 km
ICE-equivalent 2W EV	41% lower cost than ICE	46% lower cost than ICE	50% lower cost than ICE

Note: Ola S1 is Activa 125cc are the representative models considered for the above calculation. Prices are Delhi ex-showroom and inclusive of FAME-II subsidy
Total cost of ownership analysis framework takes into consideration down payment/ initial payment, EMI, fuel cost, maintenance cost and battery replacement cost if any over the ownership period adjusted for the resale value
SOURCE: Industry, CRISIL Research

In personal use case, average annual running of 7,000–9,000 km is observed for 2W's in India. Ola S1 is competitively priced model leading to a lower TCO as compared to its equivalent ICE vehicle even in 2021 for personal use case scenario. Subsidy of Rs 15,000 kWh (increase of 50% as compared to previous announcement) under FAME II has also helped in reducing the acquisition cost of an e-2W. However, the total acquisition cost still remains higher for EV as compared to an ICE-equivalent to the tune of 28-30%.

Moreover, as annual running increases, EV becomes more cost-effective than ICE. This is one of the major reasons for the proliferation of many ride-sharing businesses having 2W EVs at their core, such as Bounce and Vogo.

In fiscal 2026, with subsidies keeping the acquisition cost in control, e2W will be able to achieve parity with ICE equivalent scooters at around 9,000-10,000 km thus paving way for rapid adoption.

A sequential increase in petrol prices, impending BS VI part B emission norms (due for implementation in fiscal 2023), constant electrical energy cost (due to an increase of renewable energy in the country's power mix), and improving customer trust in electrification will lead to faster adoption of EVs.

Estimated penetration of electric two- wheelers by FY26

Alarming levels of air pollution among metro cities in India and actions taken by the local governments is resulting in increased awareness levels among masses especially youth regarding environmental issues and advantages of electrical vehicles in addressing some of these issues. Growing awareness levels and concern regarding environmental issues is therefore likely to be one of the drivers for electrification in India.

Commercial use of e2W in last-mile and hyperlocal deliveries will drive the initial growth given higher running compared to personal applications. This is expected to be further strengthened by e2W - related ecosystem partnerships between aggregators & e-commerce entities, and fleet greening commitments of large multinational companies.

A bulk of migration towards EVs is expected from the scooter segment. Notably, scooters have a higher urban penetration of around 65-70% compared to motorcycles that are largely rural demand driven.

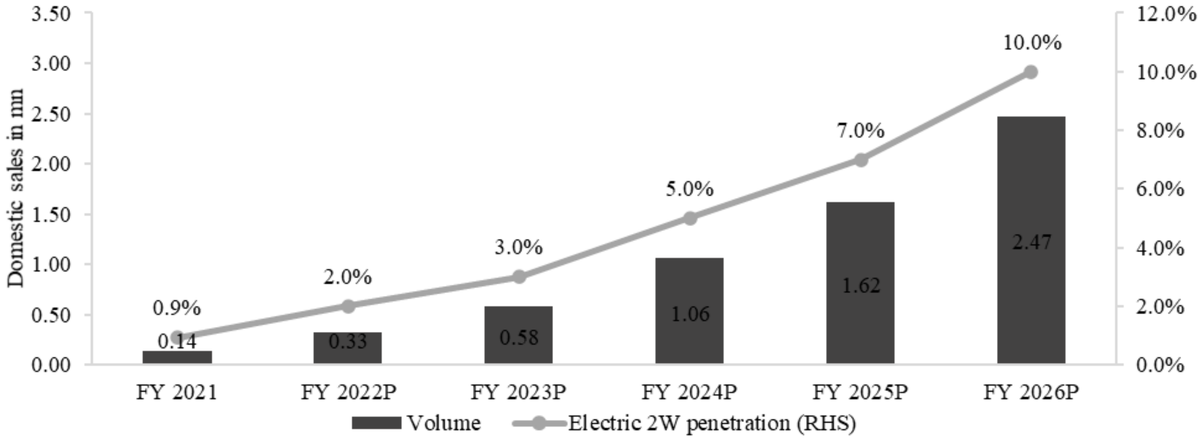
Major OEMs are already in the process of developing in-house EVs or acquiring stakes in existing EV start-ups to diversify their offerings. For instance, Bajaj and TVS recently launched their electric scooters range. Ola invested Rs 2,400-crore in fiscal 2021 for setting up its first mega electric scooter factory in Tamil Nadu. Ola claims that it will create an annual capacity of 10 million vehicles there.

Battery swapping is seen as a potential solution to drive and accelerate EV adoption in India. Battery swapping concept offers four major benefits which in turn help in addressing EV adoption concerns. Battery swapping reduces cost of acquisition for buyers, reduces range anxiety, drastically reduces refuelling (charging) time and assuage customer concerns around life of a battery or need for replacement of a battery. Several states are also supporting battery swapping by offering subsidies for capital investment in battery swapping stations. Success of battery swapping also depends on standardization of battery specifications by a central/nodal authority and along with commitment of substantial investments by swapping infrastructure providers for establishment of a dense network of swapping stations across parts of India. Also, financier community needs to be provided complete awareness about the same to facilitate vehicle financing. Battery stations are also likely to face viability challenges due to lower existing penetration of EVs in India. However, battery swapping can be major catalyst for driving EV adoption if the concept gathers momentum in India.

Base case:

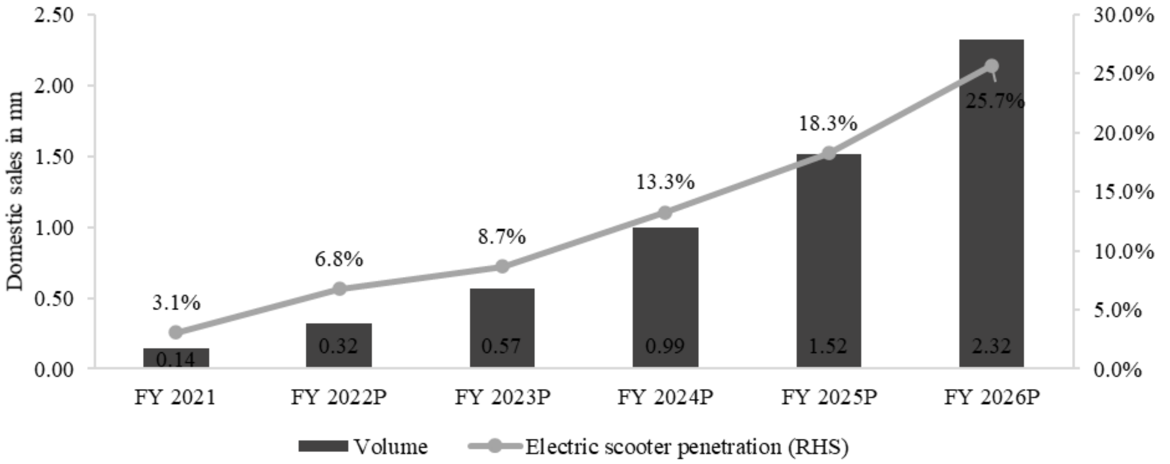
In a base case scenario, EV penetration is expected to be at 10% in fiscal 2026 due to range anxiety faced by the EV buyers in case of unavailability of proper charging infrastructure in addition to financiers not funding EV 2W at par as compared to ICE-equivalent 2W. Here, electric scooter penetration is expected to reach 26% by fiscal 2026 and electric motorcycle penetration at 1% by fiscal 2026.

Two-wheeler EV penetration outlook, FY21-26P



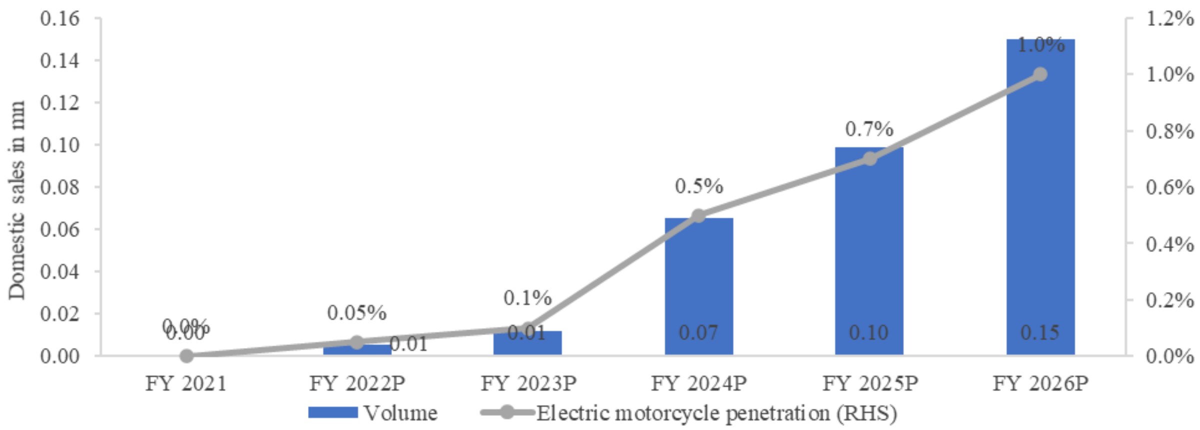
Note: EV penetration is calculated as number of electric two wheelers sold as a proportion total two wheelers (inclusive of ICE and EV) sold in India
Source: SIAM, SMEV, CRISIL Research

Scooter EV penetration outlook, FY21-26P



Note: EV penetration is calculated as number of electric two wheelers sold as a proportion total two wheelers (inclusive of ICE and EV) sold in India
Source: SIAM, SMEV, CRISIL Research

Motorcycles EV penetration outlook, FY21-26P

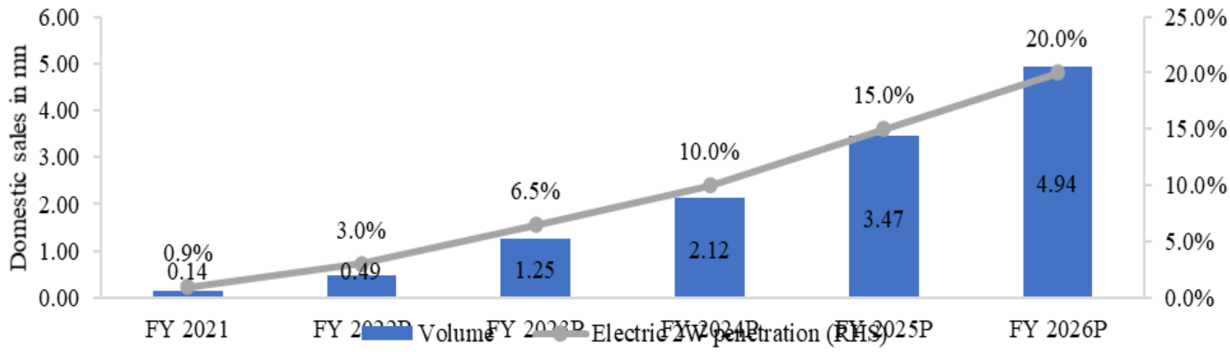


Note: EV penetration is calculated as number of electric two wheelers sold as a proportion total two wheelers (inclusive of ICE and EV) sold in India
Source: SIAM, SMEV, CRISIL Research

Optimistic case:

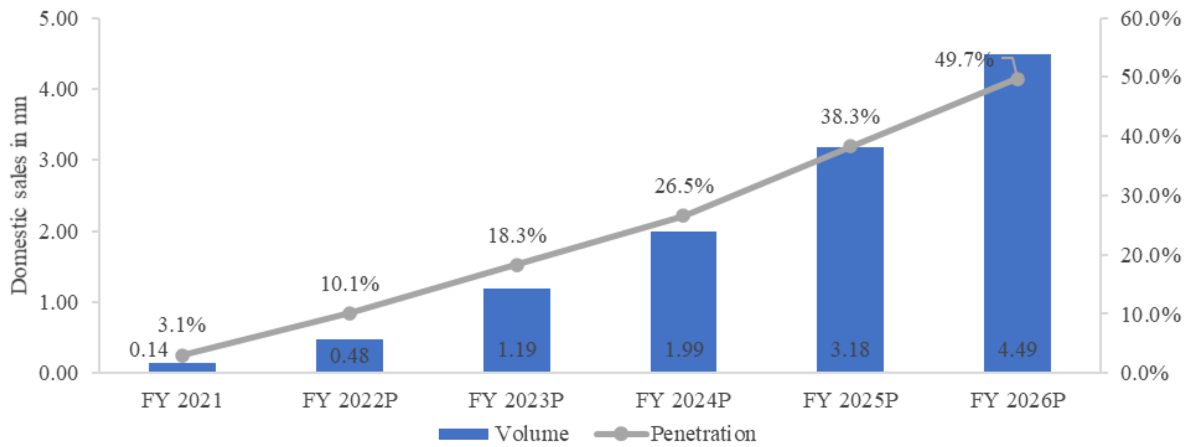
In the optimistic case, EV penetration is expected to be at 20% in fiscal 2026 if the above constraint in base case scenario are efficiently addressed by the industry and the government. Here, electric scooter penetration is expected to reach 50% by fiscal 2026 and electric motorcycle penetration at 3% by fiscal 2026.

Two-wheeler EV penetration outlook, FY21-26P



Note: EV penetration is calculated as number of electric two wheelers sold as a proportion total two wheelers (inclusive of ICE and EV) sold in India
Source: SIAM, SMEV, CRISIL Research

Scooter EV penetration outlook, FY21-26P



Note: EV penetration is calculated as number of electric two wheelers sold as a proportion total two wheelers (inclusive of ICE and EV) sold in India
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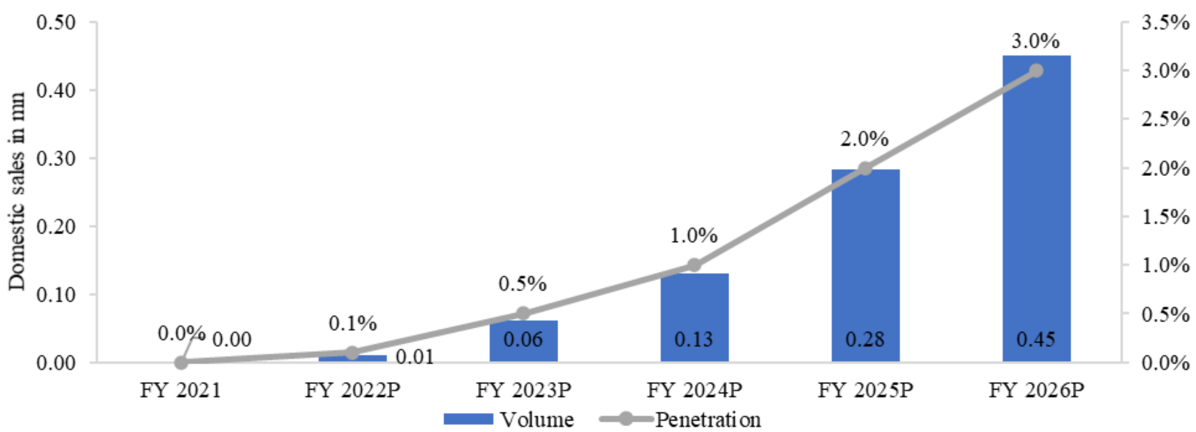
Motorcycles EV penetration outlook, FY21-26P



Note: EV penetration is calculated as number of electric two wheelers sold as a proportion total two wheelers (inclusive of ICE and EV) sold in India
Source: SIAM, SMEV, CRISIL Research

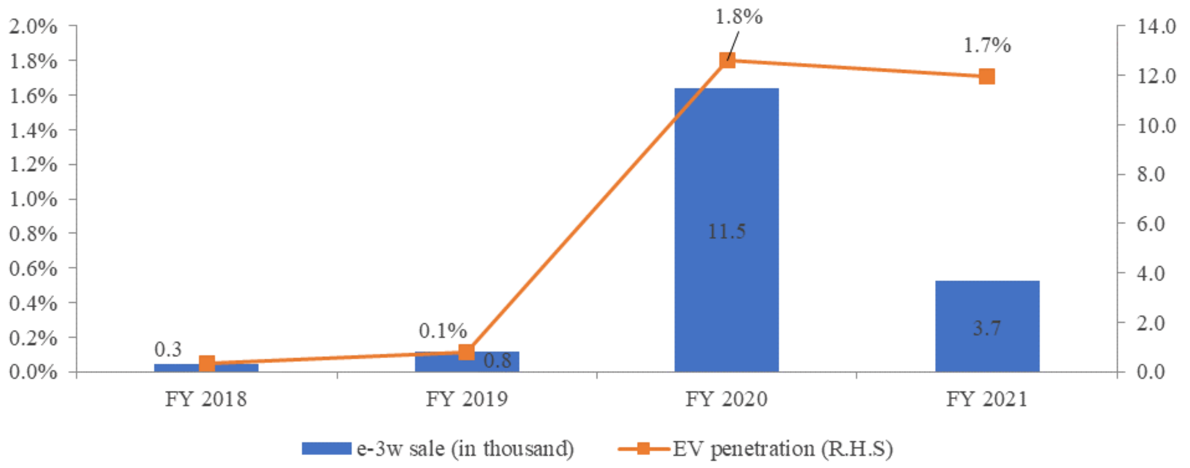
EV penetration in motorcycles is unlikely to pick up despite improvement in charging infrastructure on account of lack of affordability.

Penetration of electric motorcycles is expected to stay low on account of limited availability of electric motorcycle options in affordable and premium segment. Factors, such as higher total cost of ownership compared to ICE motorcycles even at reduced battery prices, lack of proper charging infrastructure in rural areas, etc. will remain as key constraints for adoption of electric motorcycles in affordable motorcycle segment. Even in premium motorcycle segment, user preference to ICE over electric vehicle due to driving feel related factors is likely to limit electrification in premium motorcycle segment.

Review and outlook on the Indian three-wheeler industry

Historic electric three-wheeler sales development and EV penetration (fiscals 2018 -2021)

EV Penetration (fiscals 2018 to 2021)



Note: EV penetration is calculated as number of e-autos sold as a proportion total three wheelers (inclusive of ICE and EV) sold in India. E-rickshaws or e-loaders have been excluded from consideration.
Source: Industry, SIAM, SMEV, CRISIL Research

- India is the largest three-wheeler market in the world. Factors such as increase in population, urbanisation and various city improvement plans have led to a surge in demand for three-wheelers in the past few years.

- The government, taking cognisance of high pollution levels in the cities and a phenomenal surge in oil imports, has taken a few policy initiatives to move towards electric mobility. The country is now a signatory to the Paris Agreement and part of the Electric Vehicle Initiative 30@30 campaign. With this, the automotive sector, including the three-wheeler segment, is set to receive substantial policy stimulus.

- E-rickshaws dominate this space. Initially it used to be imported from China; however, even now most of the parts are imported from China and assembled here in India. It is a low speed vehicle. Another category is e-loader in cargo segment with top speed upto 25kmph.

- E-autos uses lithium base batteries and have a speed more than 25 kmph. It is used for cargo as well as passenger movement. Very few players like Mahindra Electric and Piaggio are present in e-auto space.

- Under FAME-I, lead acid battery driven three-wheeler was also eligible for the subsidy. However, under FAME-II, only advanced batteries and registered vehicles are eligible for the subsidy.

- However, higher initial cost of the e-auto, lack of availability of wide range of products in the market and poor charging infrastructure availability has posed challenges to penetration of e-auto which stood at ~2% as on fiscal 2021. Despite these challenges lower operating cost economics and environmental cleanliness of the vehicle is has supported shift towards electric autos.

- The three-wheeler segment (mainly on passenger front) is highly regulated because of the permit system. The sales of auto rickshaws are directly related to the number of permits issued by every state. Few states have abolished this system

- Electric three-wheeler passenger vehicles, on the other hand, do not fall into the ambit of permit system. This has led to a shift in customer preference towards electric three-wheelers. As more players launch products in this category, we expect it to drive three-wheeler sales

- Incentives declared in the FAME II policy and State EV policy are anticipated to drive electric three-wheeler sales

- Voluntary scrappage policy, which is 20 years for the commercial vehicle segment, is likely to boost demand for new three-wheeler sales. A fitness test needs to be conducted for commercial vehicles older than 20 years

Government's FAME policy to promote EV

Incentive structure under FAME-II

Maximum no. of vehicles to be supported	Approx. size of battery in KwH	Incentive (Rs/ KwH)	Maximum incentive (Rs)	Max ex factory price to avail incentive (Rs.)	Total fund supported (Rs Cr)
500,000	5	10,000	20% of cost of vehicle	500,000	2500

SOURCE: Department of Heavy Industries (DHI), CRISIL Research

FAME-II versus FAME-I

	FAME II		FAME I	
	Approx. Incentive	Max ex-factory price(Rs lakh)	Incentive L1 (Rs)	Incentive L2 (Rs)
Registered 3W	40,000-62,000	5	45,000	54,000

SOURCE: Department of Heavy Industries (DHI), CRISIL Research

Other initiatives undertaken by central and state governments to promote EV

Maharashtra EV policy-

- Maharashtra is one of the lading three-wheeler market in India.

- The revised EV policy of 2021 has a budget outlay of Rs 930 crore and is aimed at realising the state's ambition to have 10 per cent EVs among new vehicle registrations by 2025. Segment wise, this translates into 10 per cent of two-wheelers; 20 per cent of three-wheelers; and 5 per cent of four-wheelers by 2025.

- The state plans to set up 1,500 charging stations by 2025 in seven major urban centres — Mumbai, Pune, Nagpur, Aurangabad, Nashik, Amravati and Solapur; and four major highways — Mumbai-Pune, Mumbai-Nashik, Mumbai-Nagpur and Pune-Nashik.

Gujarat EV policy-

- The policy has commenced on July 2021 and it will be in force for a 4-year period.

- It targets to subsidise 70,000 three-wheeler under this scheme

- It will subsidise the battery cost at Rs 10,000 per kWh. Maximum ex-factory price to avail incentive is Rs 5 lakh.

In addition to the Government push, battery swapping model can help in reducing the charging time which is a major deterrent in electric three-wheeler space. However, financier community needs to be provided complete awareness about the same to facilitate vehicle financing. Battery stations are also likely to face viability challenges due to lower existing penetration of EVs in India.

Review and outlook on TCO

In a base scenario, for comparing TCO of EVs with that of ICE vehicles, CRISIL Research has considered battery prices dropping to $150 per kWh by fiscal 2026. Diesel price is assumed to remain at Rs 93.8 per litre, with no further increase over current prices. EV resale value as a proportion of initial cost has been assumed to remain at the same level in fiscal 2026 as in fiscal 2022, which will probably improve over a period with better product availability in the market. Therefore, alternative scenarios developed will only show an upside for EVs. Continuation of FAME subsidies until fiscal 2026 is the only major assumption made in favour of 3W EVs.

TCO in FY 2022 for 4-year ownership for passenger 3W segment

Annual running	25,000 km	30,000 km	35,000 km	40,000 km
EV versus CNG	~10% lower cost than CNG	~14% lower cost than CNG	~17% lower cost than CNG	~20% lower cost than CNG
EV versus diesel	~37% lower cost than diesel	~41% lower cost than diesel	~44% lower cost than diesel	~46% lower cost than diesel

TCO in FY 2026 for 4-year ownership for passenger 3W segment

Annual running	25,000 km	30,000 km	35,000 km	40,000 km
EV versus CNG	~18% lower cost than CNG	~21% lower cost than CNG	~24% lower cost than CNG	~26% lower cost than CNG
EV versus diesel	~42% lower cost than diesel	~45% lower cost than diesel	~47% lower cost than diesel	~50% lower cost than diesel

TCO in FY 2022 for 4-year ownership for cargo 3W segment

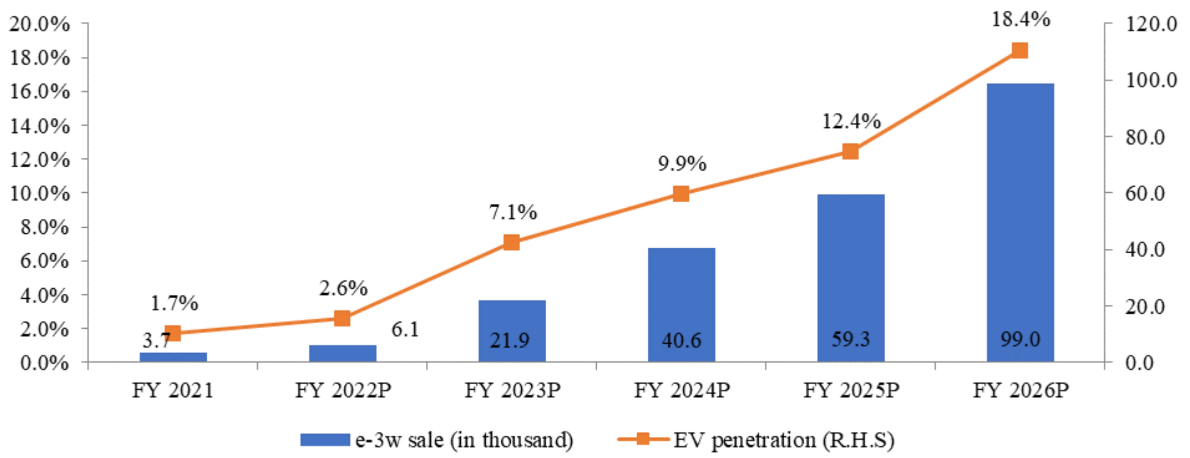
Annual running	25,000 km	30,000 km	35,000 km	40,000 km
EV versus CNG	~13% lower cost than CNG	~17% lower cost than CNG	~20% lower cost than CNG	~23% lower cost than CNG
EV versus diesel	~41% lower cost than diesel	~45% lower cost than diesel	~48% lower cost than diesel	~51% lower cost than diesel

TCO in FY 2026 for 4-year ownership for cargo 3W segment

Annual running	25,000 km	30,000 km	35,000 km	40,000 km
EV versus CNG	~21% lower cost than CNG	~24% lower cost than CNG	~26% lower cost than CNG	~29% lower cost than CNG
EV versus diesel	~45% lower cost than diesel	~48% lower cost than diesel	~51% lower cost than diesel	~53% lower cost than diesel

Note: Total cost of ownership analysis framework takes into consideration down payment/ initial payment, EMI, fuel cost, maintenance cost and battery replacement cost if any over the ownership period adjusted for the resale value

EV Penetration (fiscals 2021 to 2026P)



Note: EV penetration is calculated as number of e-autos sold as a proportion total three wheelers (inclusive of ICE and EV) sold in India. E-rickshaws or e-loaders have been excluded from consideration.
Source: Industry, SIAM, SMEV, CRISIL Research

- Second wave of covid dented the recovery of three-wheeler industry. CRISIL Research expects the industry to remain subdued in fiscal 2022 due to lower utilisation of current fleet of autorickshaws and schools, colleges and workplaces yet to resume. Electric penetration is expected to be ~2.6% in fiscal 2022 aided by various state EV policies recently announced.

- By fiscal 2026, we expect the penetration of e-auto to reach ~18% levels from current 2% level. As few top selling three-wheeler states has banned permits for diesel vehicles, CRISIL Research expects this to drive electric three-wheeler sales.
- Under FAME-II, subsidy is made available to 5 lac e-three wheelers. However, under this program, atleast 50% localisation is required and this limit will be increased in a phased manner.
- Various states have given additional subsidy to drive electric growth. Delhi EV Policy has even declared subsidy on lead acid-based battery-operated three-wheeler.
- Favourable cost economics, strong charging infrastructure, easy availability of finance will drive the growth of e-autos.
- E-retail is currently is an important segment in current e-auto sales. An improving economy amid low to moderate inflation is expected to drive consumer spends in propelling growth in the retail industry. This will drive the sale of e-auto even going forward.

As infrastructure network (metro lines, road connectivity, etc.) strengthens, need for zero emission three-wheeler for last mile connectivity will drive electric growth. Players in last mile delivery are expected to switch to electric three-wheeler leading to its growth.

8 Assessment of global precision engineering industry

Precision parts, as the name suggests, are highly precise machinery components. They are manufactured using materials like inconel, titanium, cobalt alloys, alloy Steels, aluminium, copper, bronze, plastic, etc. and are custom made according to the requirements of the customers in industries like aerospace, automotive parts, industrial automation equipment, hydraulics, power tools, medical devices, etc.

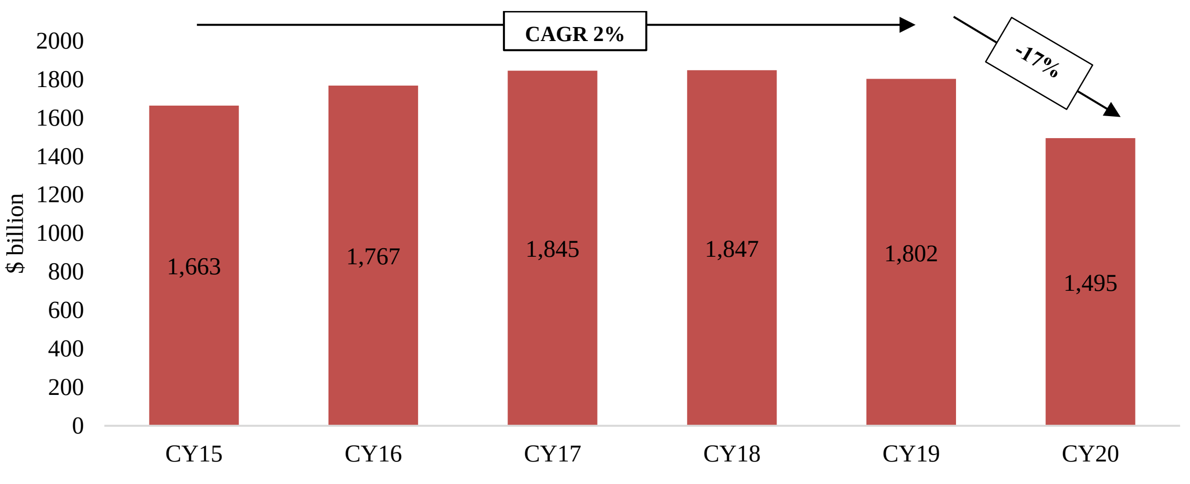
The key stakeholders in the value chain of the industry consists of the manufacturers, suppliers and distributors and end-users. Manufacturing is done using conventional machines, computerized numerical control machines, wire cut electrical discharge machines, etc. Some companies also provide contract manufacturing for the production of precision parts. The long experience of the manufacturing companies and development of high-tech products help in the expansion of their business to new regions. These components are supplied to the end-use industries such as aerospace, automobile, defence, construction, healthcare, etc. by distributors or wholesalers.

Estimation of overall market size

Review of past growth (CY15-20)

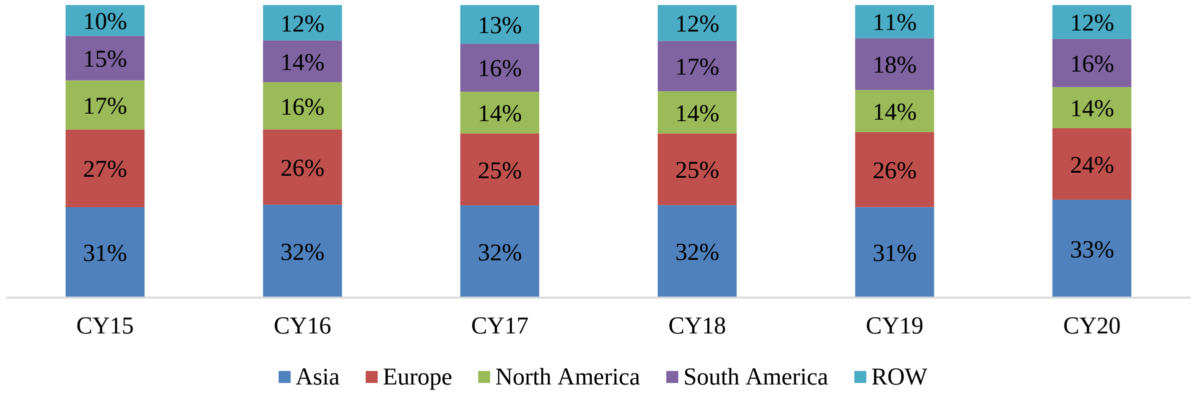
Global precision engineering industry amounted to USD 1494.7 billion, a decline of 17% y-o-y in CY20. However, the industry registered a CAGR of 2% between CY15-19. The industry declined y-o-y only in CY19 and CY20, which could be largely attributed to the adverse impact of the pandemic on the industry.

Review of past growth (CY15-20)



Source: CRISIL Research

Global precision engineering industry by regions (CY15-20)



Source: CRISIL Research

Asia accounted for the largest share of market (nearly one-third in CY20) driven by implementation of stricter regulations and rising demand for hybrid powertrain systems in vehicles, giving a boost to precision auto components industry. In their efforts to reduce automobile emissions, the countries in the region are attempting to improve the emissions from automobile in several ways with direct and indirect influence of the government through creative policies and trade liberalisation programmes. Also, emerging markets like China and India, account for a significant share in the overall automobile production.

Europe is the second largest market. Rising R&D in the region across various end-use industries like, , aerospace, automotive, Power Tools and healthcare is propelling the growth in the precision parts market. The optical, laser and photonics and laboratory and medical technology businesses have registered significant growth over the last many decades. These sectors rely on a strong scientific foundation and precision technical skills with the growing economic development in the European Union (EU).

The North American precision parts market was largely driven by the rising demand and popularity of EVs. According to International Council on Clean Transportation (ICCT), approximately 70% of the EVs in the US are manufactured and assembled within the country. In contrast, Canada imports 97% of the EVs, 53% of them coming from the US. Many manufacturers have increased their production capacity for hybrid and classic EV transmissions, engines, and drivetrain components owing to the tremendous potential for the industry in the region.

Significant growth in the metallurgy sector and a burgeoning automobile industry were the key drivers behind the growth of the precision parts market in South America. Mexico, Brazil and Argentina have also formed international investor friendly policies like tax breaks, free land, government funded education programs, and pledges of infrastructure investment to automobile manufacturing companies, contributing to the rise in the precision parts industry.

Impact of Covid-19 on the global precision parts market

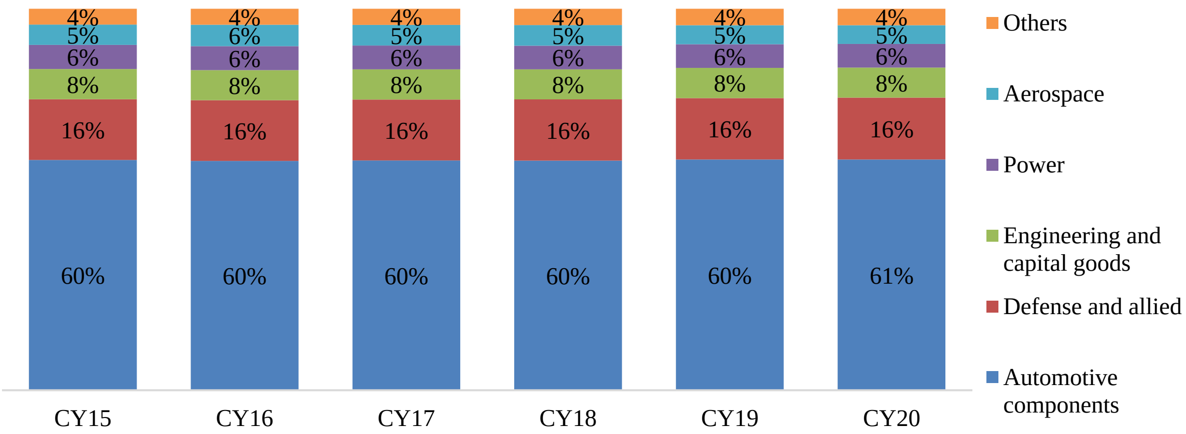
The pandemic and consequent lockdown measures to contain it caused a great uncertainty in the demand for precision parts resulting in a significant drop in sales of parts to various vendors globally. Production volumes were constrained due to facility closures and suspension of operations by several enterprises. Demand from the healthcare industry for ventilators and medical imaging components, helped the manufacturers to a great extent to generate revenue to a considerable extent.

Supply of precision parts was disrupted to a great extent due to the lockdown adversely affecting their demand from the end-use industries. Substantial investments in new manufacturing sites, planned by major players were stalled. Impact on the supply chain of the raw materials due to government orders and disruptions in interconnected global value chains also caused the manufacturing sites to go on hold. It had a huge impact particularly on the small and medium manufacturing facilities.

However, as lockdown has been lifted in most parts of the world, the supply chain operations of the global precision parts companies are also gradually gaining normalcy.

Product offerings and type of end-use industries catered to

Global precision engineering industry by product type (CY15-20)



NOTE: Others include railways, tractors, nuclear space, etc.
Source: CRISIL Research

Auto Components

The auto-components market contributed to a share of ~61% to the precision engineering industry in CY20 and registered a CAGR of 2% between CY15-19, driven by a rise in shared connectivity services and feature upgrades in addition to the growth in shared mobility. Technological advancements in the automotive hardware drives the growth of product demand significantly, contributing to the rise in overall precision parts market. New business models, increasingly capable of rendering digital services in addition to selling hardware, are also fuelling the growth.

Various precision components like Hub idler, Piston tensioner, GDi pump body, Needle, titanium valve keepers, bushings, brake system components, timing covers, dowel pins, valve retainers, splined shafts, etc. are used in the automotive industry. These components are used for several applications in a vehicle like Engine, Fuel Injection, chassis & steering, transmission, body seating and closures, safety restraints, bumpers, anti-vibration systems, security/ lock devices, brake systems, fluid carrying systems and composite mounting, etc.

Non-automotive

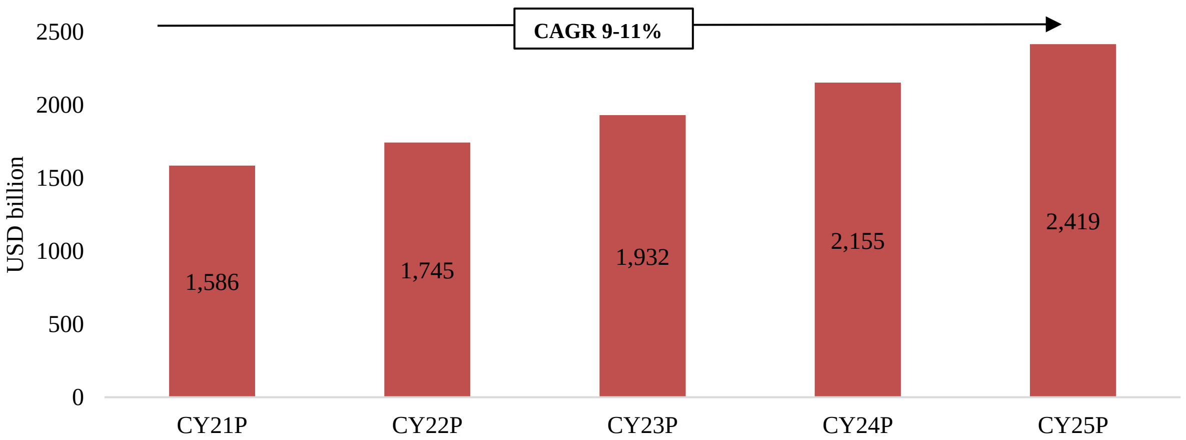
The non-automotive components segment, i.e., the precision parts used in other industries apart from automotive, amounted to a share of ~39% in CY20 in the overall precision components market. The segment rose at a CAGR of 2% between CY15-29.

The sectors that comprise the non-automotive components segment include aerospace, defence & allied, engineering & capital goods, power, a railways, tractors, nuclear space, and others. Defence and allied industry grew at a CAGR of 2% between CY15-19. Precision components used in the industry include firing pins, shafts, latches, and others. Aerospace industry, which grew at a pace of 0.4% CAGR between CY15-19 includes components like Brackets, Housings, Fittings, Manifolds, Connectors, Flanges, Cylinders, Shafts, Fittings & End Fittings, transducer components, indicator & display components, and others.

Components like bearing housing, pressure plates fluid nuts, cam carrier, crank, anvils. impactors, spindles, cylinders, lifting piston, wheel fork, journals, rod Assembly ball screw nuts, bars & tubes, bearing rings, bearing rolls, big size non-electric motors, ceramic parts, electric motor shafts, extrusion screws, gearboxes, progressive dies, and others are used in the power, engineering & capital goods and other industries (like tractors, railways, etc.) which grew at a CAGR of 1%, 1% and 2% respectively between CY15-19.

Growth outlook on global precision engineering industry (CY21-25P)

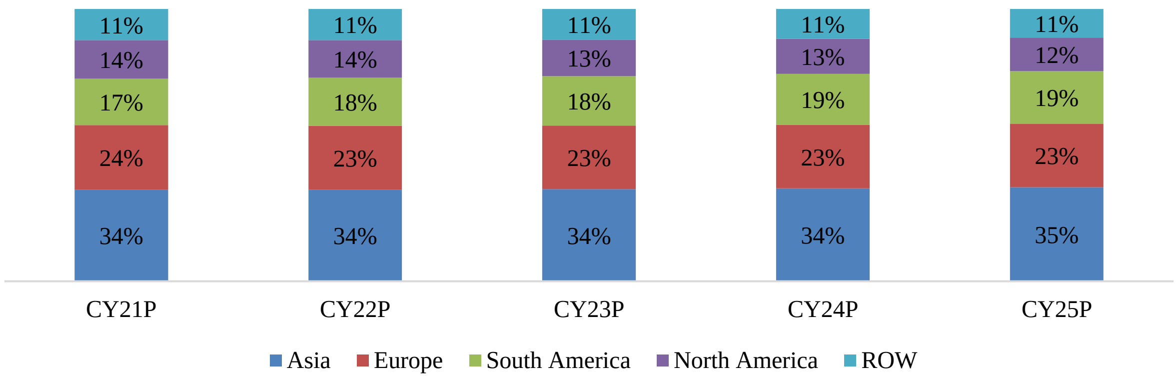
Outlook on global precision engineering industry (CY21-25P)



Source: CRISIL Research

Global precision engineering industry is expected to grow at a CAGR of 9-11% between CY21-25, amounting to USD 2,419 billion in CY25.

Global precision engineering industry by regions (CY21-25P)



Source: CRISIL Research

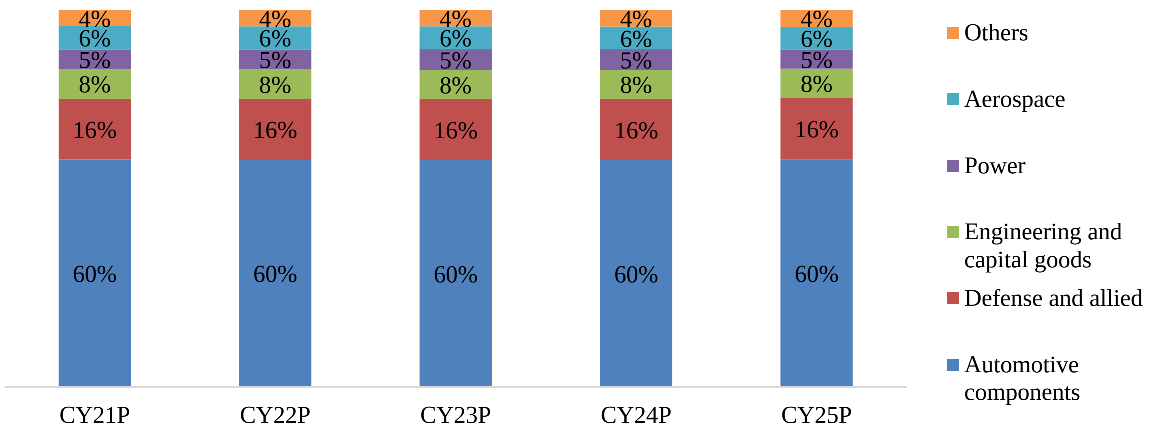
The Asian region is expected to form the largest share in the next five years as well. Sale of passenger vehicle in Asia is expected to grow at 8-10% CAGR between 2021 and 2025 whereas commercial vehicle is expected to grow at 14-16% CAGR for the same period albeit on a low base of 2021. PV growth will be driven by low penetration of passenger vehicle in developing, growth of aspirational middle class, urbanization, robust GDP growth and easy availability of finance. CV growth will be driven by high industrialisation (like "Make in India" initiative) is expected to boost manufacturing activities, urbanisation, GDP growth and finance availability.

The precision parts market is also expected to be driven by higher R&D expenditure, rising commercial and government investments in manufacturing and higher FDI participation. The rising middle-class population with improved spending power is expected to cater to the growth of the aftermarket parts manufacturers. The ageing vehicle fleet also necessitates a higher need for replacement parts. The industry is also supported by the growing popularity among the younger generation of telematics, connectivity and entertainment systems.

Innovation in medical devices industry is expected to boost the precision parts market growth in Europe, especially Germany. North American market is expected to grow through collaborative product development and various distribution strategies of companies. Strategic acquisition of other precision parts manufacturers is also likely to help strengthen the presence of the leading players in the market.

South American market for precision parts is also expected to be driven by the advancements in the medical devices and components sector, in which precision parts and components are highly essential. Brazil and Mexico are among the world's largest surgical and non-surgical aesthetic markets with a high number of plastic surgery treatments performed here than in the US, resulting in high demand for precision parts.

Global precision engineering industry by product type (CY15-25P)



NOTE: Others include railways, tractors, nuclear space, etc.
Source: CRISIL Research

Automotive components are expected to remain the largest contributor of the precision parts market over FY21-25 at ~60% with the rest of the market catering to non-automotive sectors like aerospace, defence and allied, engineering and capital goods, power, etc.

Most of the nations are moving towards clean environment, transportation being one of the contributors to the pollution, various norms are expected to be applicable to reduce harmful emission gases. Fuel efficiency and drive towards clean mobility, will impact the demand for precision components from the automobile industry in pure electric vehicles, since sub-systems such as engines, exhaust system will be eliminated from the vehicle. Key growth drivers and recent industry trends

Key growth drivers: Can we put Healthcare after the others

- **Increased demand for commercial and defence aircraft:** Aerospace and aircraft parts require the highest levels of functionality under high pressure and high altitude conditions making precision necessary in their machining and fabrication. In addition to this, regulatory requirements are also of the highest order since aerospace components must ensure personnel safety and simplify the ideal performance of machines and high-precision instruments. Regulations to control harmful emissions also call for increasing investments towards innovation in energy efficiency of the components. Major players also anticipate an increase in demand for parts of old aircraft models and new light weight counterparts. Write more on this and less on medical .

- **Rise in industrial automation:** Industries across regions are shifting towards digitisation within the assembly line amidst the growing industrial automation due to high demand for integrated and scalable products. Factories have to gather data from different sensors to live throughput and systems have to provide real-time analysis and control for optimised performance. This growing adoption of automation within manufacturing and the increasing usage of latest metal and alloys are contributing to the growth of precision parts industry. The ability of precision machining to be performed on a variety of materials such as metal, glass and plastic, using lathes, drill presses, saws, grinders and milling machines is also contributing to the growth. Demand from marine and offshore drilling industry is also expected to be stable during the next five years (CY21-25).

- **Rapidly growing electric vehicles (EV) market:** The growth in EV market is expected to drive the market for precision parts especially in China and Europe since China has ~44% of all the EVs globally and Europe accounts for 31%, according to the International Energy Agency (IEA). The market for EVs is increasing in other regions like US, where the number of EVs registered has nearly tripled between CY16-20 as per the IEA. Major players like Tesla, General Motors, Chevrolet, BMW, and Nissan also have a significant presence in the US contributing significantly to the growth in precision parts manufacturing. With the expansion in the EV industry comes the need for utilising new press and material handling equipment. The precision industry is expected to become capable of producing the high accuracy and precision needed to form the thinner, stronger, and tight-tolerance parts required for EVs. However, the requirement of precision components will no longer be there in engine and exhaust management system in pure EVs but will Continue to be available in all Hybrid Ev’s

- **Innovation in the healthcare and medical device manufacturing industry:** Medical devices like diagnostic equipment, surgical tools, bone screws, implants, insulin pumps, defibrillators, and other devices and tools require precise parts manufactured through the machining capabilities of precision machine vendors. Owing to a high competition in the field, med-tech companies are integrating their supply chains which present an opportunity for vendors to adopt the latest technologies and take on new processes. Machining operations for medical devices not only require accuracy and precision but also various other features. Multi-tasking and mill-turn machines are, for example, popular among the vendors as they can execute many procedures in just a few clamping and produce parts that meet regulatory requirements. The benefits of precision manufacturing like accuracy, versatility, and repeatability cause several technology providers to focus on collaborating with medical device OEMs, which is expected to boost the market growth.

Opportunities:

- **Digital revolution/ Industry 4.0:** High levels of efficiency and growth of manufacturers worldwide, effected by the development of increasingly complex smart machines is driving Industry 4.0, commonly known as digital revolution. Industry 4.0 is also promoted through government policies like the German Industry 4.0, China's "Made in China 2025 Plan", US' "Advanced Manufacturing Project (AMP)" and South Korea's "Manufacturing Innovation 3.0 Strategy". They reinforce the foundation of machinery industry and create growth opportunities for associated industries.

- **Rise of surface mount technology (SMT):** SMT has the advantage of automation, high-speed assembly, miniaturisation and a good electrical performance leading to its rise in electronic circuit construction. Miniaturisation is an attractive opportunity for driving the precision parts industry due to increased outsourcing to reduce capital and provide aesthetics.

Recent trends in the industry:

- **Advancement of CNC and milling technology:** Machine tool technology has advance and with it the needs of manufacturing facilities in terms of programming and machine operation. New CNCs must keep up with these advancements. Complex machine movements like true five-axis machining are driving the market for several new CNC functions. A wide range of equipment like CNC machines, deep-hole drilling machines, multi-spindle machines, grinders, honing and deburring machines are being widely used by manufacturers of medical device parts and components and end-products. Besides rapidly advancing computer and manufacturing technology, milling technology also continues to evolve and find new applications.

- **Advances in CAD/CAM software:** CAD/CAM has become more accessible in the recent years due to their increased affordability. They have also become more intuitive, user-friendly and powerful. This upgradation enables higher efficiency and accuracy and more innovative workflows. Applications like machine platforms, model-based definition (MBD) software, 3D viewing systems, etc. are integrated into the CAD/CAM software, lowering the chances of user error. Subscription based models and digital solutions are also likely to change the outlook for precision machining in the coming years.

- **3D printing:** 3D printing or additive manufacturing across industries is playing a prominent role in driving the precision parts market. Additive 3D printing has rapidly evolved, especially in the automotive industry and healthcare sector and the number of companies adopting the technology have grown significantly. It has helped reduce overall material waste and has saved cost and time in the manufacturing sector. It also offers manufacturers, especially automakers, a cost-effective and flexible approach to design and to produce customised parts. Eliminating the need for tooling can significantly accelerate product modifications in a fraction of the time it otherwise takes. However, the cost is still extremely high for adoption in Automotive on a Mass Scale

Challenges

- **Pressure on prices:** In developing country such as India the precision engineering industry is mainly import driven, with a majority of imports from US, Europe and Japan, global players are facing challenges on pricing pressure owing to the preference of domestic companies to locally manufacture the products over imports for the same quality. However, this is an opportunity for Indian companies in precision Machining industries to localise the production in India and bring down the imports by "Make in India".

- **Lack of technical labour force:** The industry is witnessing a shift from needing just skilled labour on the floor to a more technical labour force that understands engineering processes leading to competition among the manufacturers for technically skilled workers. Skilled personnel are needed to manage operations despite the availability of robots. This shortage is therefore a significant impediment to the growth of the industry.

9 Assessment of Indian precision engineering industry

Overview of Indian precision engineering industry

The Indian engineering industry is divided into two segments, heavy and light, based on the nature of the product and the technology used for processing. Heavy engineering includes manufacturing and assembly of industrial machinery and plant equipment for various end-use sectors. Equipment are designed and manufactured to suit end-use applications for process industries such as fertiliser, textile, chemical, refinery, petrochemical, and oil & gas (O&G), and for the thermal and nuclear power sectors. While, light engineering includes sub-sectors, manufacturing, everything from basic to sophisticated equipment. Light engineering products (components, parts and small equipment) find application in automobiles, industrial machinery, power, O&G, fertilisers, steel, refineries, petrochemicals, cement, and railways sectors, and serve as inputs for the heavy engineering and capital goods sectors.

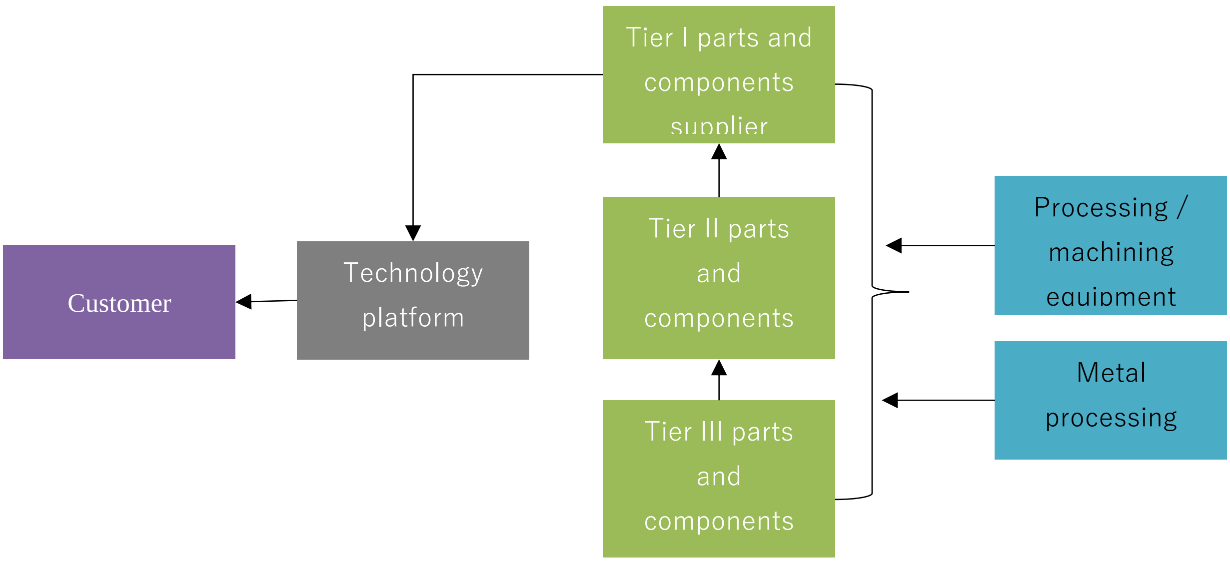
Sub-sectors

Engineering products	
Heavy engineering	**Light engineering**
Automotive machinery	Rolling bearing
Textile machinery	Gearing manufacturing
Cement machinery	Medical and surgical instruments
Sugar machinery	Process control instruments
Rubber machinery	Industrial fasteners
Material handling equipment	Ferrous castings
Oil field equipment	Steel forgings
Metallurgical	Steel pipes and tubes
Mining machinery	Bicycle industry
Dairy machinery	Sheet metal structures
Machine tool	

Source: CRISIL Research

Heavy engineering is a predominant sector in the entire capital goods industry, comprising machine tools, industrial machinery, process plant equipment, construction and mining equipment, electrical equipment, textile machinery, printing and packaging machinery.

Value chain in the industry



Source: CRISIL Research

Precision engineering: Sub-discipline of manufacturing with high accuracy, stress on low tolerance for error

Precision engineering is a sub-discipline of engineering, concerned with manufacturing and assembling items with exceptionally low tolerance and are required to perform consistently over longer repeat cycles. The American Society for Precision Engineering defines precision engineering as research and development, designing, manufacturing and measurement of high accuracy components and systems. It includes manufacturing and assembly, and covers materials, machining and fabrication processes, to produce machinery and equipment of perfect dimension and size.

Accuracy and margin of error are crucial for engineering and production. Any deviation in dimensions can lead to loss of performance or even catastrophic failure of the system. Engineering components are fitted and welded together to form equipment and machinery to perform critical tasks and precision movements. Any error in fitting can lead to leakage issues, material chipping and failure, or loss of desired precision for machine movement. Thus, accuracy, not only in machining, but also in surface finish and heat treatment for metal structure, is important.

In the precision component manufacturing industry, adherence to quality standards is a critical factor as any defects in any of the components manufactured, or failure to comply with the design specifications, may result in risk of failure of an equipment or component assembly.

Typical tolerance in various engineering products ranges from millimetres (10^{-3} meter) to microns (10^{-6} meter). Precision engineering products have tolerance in the range of less than 10 microns. Low tolerance is important for precise fit, accuracy and efficiency in performance, along with consistency over several repeat cycles.

Precision engineering is extremely critical in several applications, such as automotive powertrain components (powertrain includes engine, transmission and fuel injection system), aerospace, defence, aircraft, hydraulic power tools, capital goods, power generation, etc.

Machining operations for precision engineering products

Machining capabilities	5- and 6-axis milling, multi-spindle long-bed milling CNC turning up to 9-axis, vertical machining centre, horizontal machining centre Drilling and boring Lapping Grinding Honing Broaching
Surface treatments	Anodising Hard chrome plating Nickel plating Induction hardening
Heat treatment and cooling facilities	Annealing, case hardening, precipitation strengthening, tempering, carburising, normalising and quenching
Assembly	Special application tools for each type. Assemblies and sub-assemblies are built at the assembly station, which requires precise fitting operations and clean rooms to avoid contamination due dust and other external particles that may impact fitting. Error-proof structure assembly is critical for precision components.
Other special processes	Coating processes, such as bonding, plating or painting, pre-treatment before coating, finishing processes to remove machining marks, scaling or pitting, deburring, burnishing, abrasive blasting to improve hardness, etc.
Quality control and measurement	Inspection and calibration tools - precision, measuring and marking, non-destructive testing (fluorescent and magnetic), universal compression rig for shock absorber testing, universal hydraulic test rigs, specific tooling for testing actuators and nose-wheel steering (aircraft)

Source: CRISIL Research

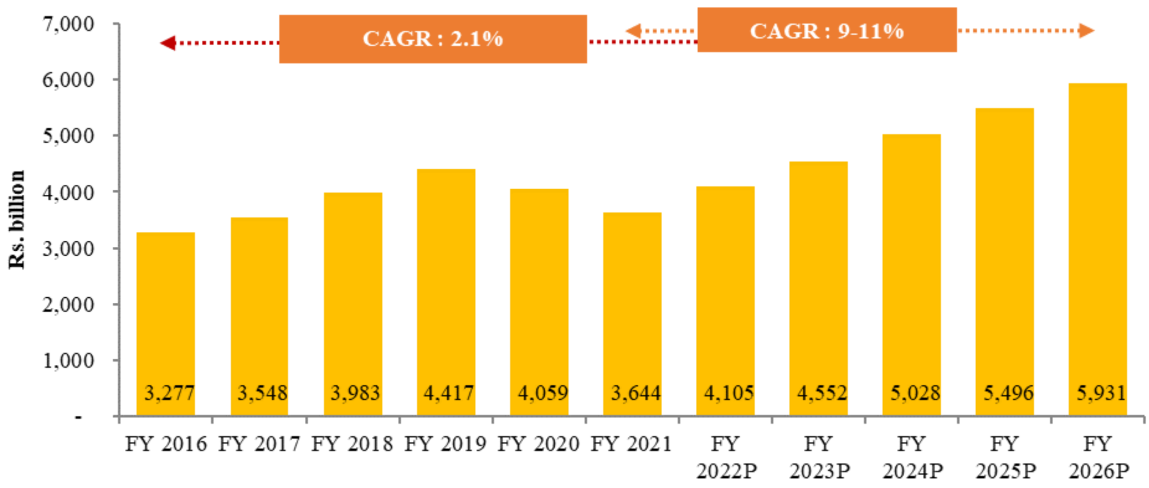
Precision engineering players cater to select end-use sectors and have developed expertise in that space. The value chain comprises three broad segments of suppliers – automotive, aerospace (including defence), engineering & capital goods (industrial) and other niche applications (tractors, construction equipment, railways, medical etc).

Players exclusively cater to automobile sector's requirements due to the scale of volume and location preference near the assembly or automobile plant/cluster. Applications, such as aerospace, defence, nuclear and marine, which require high material performance and special material properties, are serviced by suppliers with expertise in these niche applications. Technology providers and respective suppliers serve other industrial end-use segments.

Precision engineering industry is projected to log a 10.2% CAGR between fiscals 2021 and 2026

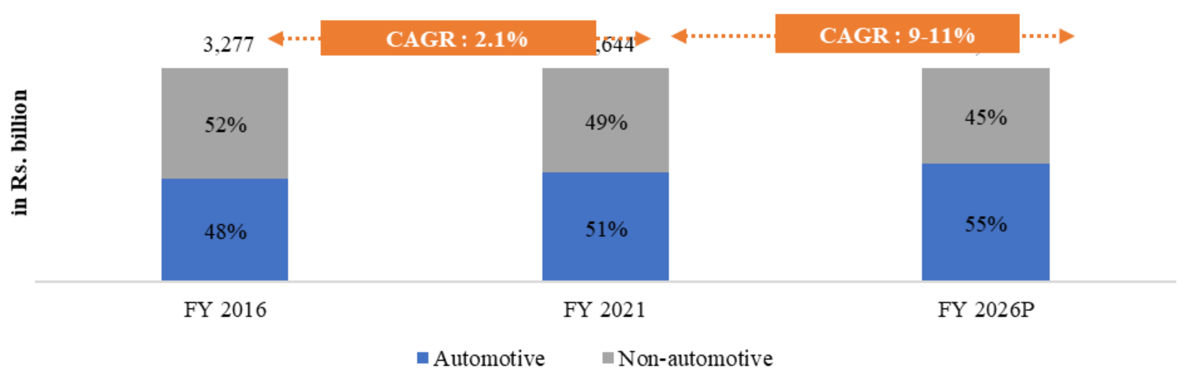
The precision engineering industry will benefit from supportive government policies for manufacturing and engineering sectors. Further, growth in the machinery and equipment industry and rising penetration of high technology machinery for manufacturing would contribute towards the industry's growth. Precision engineering is expected to log a 9-11% CAGR between fiscals 2021-2026.Growth in domestic auto-components and export demand, and indigenous manufacturing in the defence segment would aid the industry's growth.

Review and outlook of the precision engineered component industry across segments



P- Projected
Source: CRISIL Research

Share of automotive set to increase in the precision engineered component industry



NOTE: Non-Automotive includes defence, engineering and capital goods, power, aircraft and other niche applications such as tractors, construction equipment, railways, medical etc.
Source: CRISIL Research

Precision engineering in automotive industry

Manufacturing of precision automotive components is a multi-step, complex process, requiring high performance and extremely high precision. Since the vehicle comprises various sub-systems, all components should be precision engineered to ensure they fit together properly and function efficiently. Therefore, automobile companies use various processing technologies to produce various automotive parts, such as engine parts, transmission,fuel injection, cooling system parts ,suspension parts, door panels, body panels, and other interiors and exterior automotive parts. Advanced technologies, such as CNC machining or Computer-Aided Manufacturing (CAM), Electrical Discharge Machining (EDM), artificial intelligence (AI), etc., are used to ensure high precision level and extended useful life of components.

On account of rising domestic consumption and exports demand for automobiles, the share of auto components in the overall precision engineering is expected to rise. The emergence of India as an export's hub and higher demand from domestic market have boosted the share of automotive in the last few years. Indian automobile manufacturers and component players are expected to increase their production and cater more to the exports market along with the domestic market, led by schemes such as production-linked incentive (PLI), Make-in-India campaign.

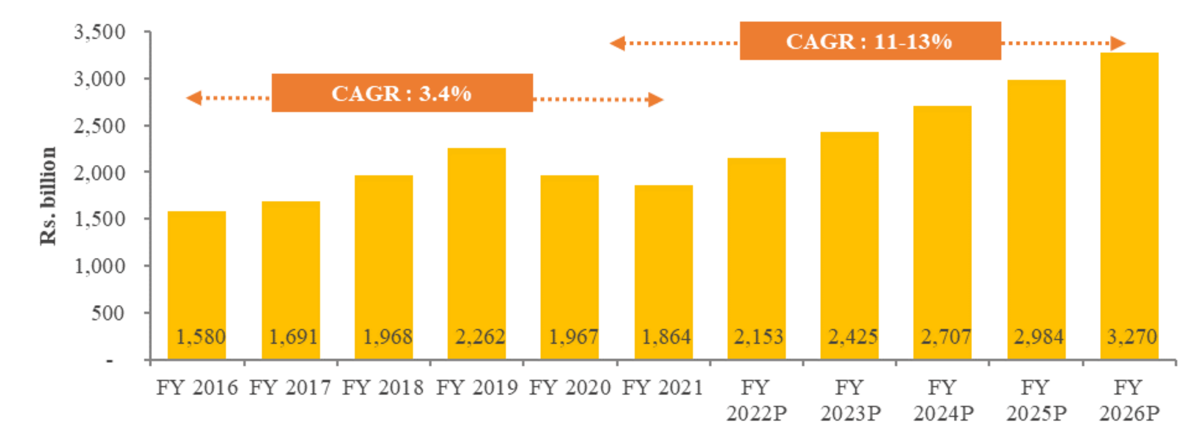
In this section, we are covering all vehicle segments like two-wheeler, three-wheeler, passenger vehicle and commercial vehicle (except for the tractors).

For more insights on automotive industry, kindly review the relevant section.

Precision engineering in the automotive industry

Approximately 60-70% of automotive components manufactured are precision engineered, specifically, engine parts, suspension, steering parts, electrical parts, etc.

Review and outlook of precision engineering market size in the automotive industry



Note: E: Estimates, P- Projected
Source: CRISIL Research

The automotive industry occupies 51% of share in the total precision engineering industry as on fiscal 2021. We expect the automotive precision engineering industry to grow at a CAGR of 11-13% over fiscals 2021-2026. Industry witnessed a decline in fiscal 2020, due to lower domestic demand on account of BS-VI transition and slowing of exports, and fiscal 2021, due to lower demand in domestic and exports market amid the pandemic.

Demand-side factors for growth of automotive precision engineering industry

- Vehicle production across segments is likely to recover on a low base in fiscal 2021, supported by customer preference for personal mobility options due to social distancing, vaccine availability, government focus on capital expenditure, and the resultant pickup in the economy.

- CRISIL Research expects almost all vehicle segments to log robust production growth over fiscals 2021-26. 2W, 3W, PV and CV production are projected to grow at 10.9%, 12.9%, 10.8%, 13.0% CAGR, respectively, over the forecast period.

- Key macroeconomic trends are also likely to aid demand for 2W, 3W, and PVs over the medium to long term. CRISIL Research expects urbanisation to reach 37-38% by fiscal 2026 from ~35% in CY2020. India's per capita income is also projected to log a 6-7% CAGR over fiscals 2021-26. Growing urbanisation and rising per capita income are likely to drive premiumisation across vehicle segments.

- As of fiscal 2020, India's population is among the youngest in the world, with a median age of 28 years. About 90% of Indians will still be below the age of 60 by CY 2020. CRISIL Research forecasts that ~64% of them will be between 15 and 59 years by 2031.

- Infrastructure improvements are expected to aid in automobile demand generation on account of employment generation, and improved accessibility and mobility.

Supply-side factors for growth of automotive precision engineering industry

- The Indian automobile ancillary sector is transforming itself from a low-volume, highly fragmented sector into a competitive industry, backed by competitive strengths and investments in research and development, resulting in technological improvements.

- The Indian automotive industry is characterised by strong competition among increasingly quality-conscious manufacturers. The large, highly skilled but low-cost manufacturing base makes partnering linkages with overseas players attractive. These strengths, coupled with India's well-established strengths in IT/software, make India an emerging player in this sector.

- The industry has been continuously upping its quality standards and developing new products to compete globally.

- Trade liberalisation in western markets has led to the emergence of Asia as an export hub for Europe, and North and South America over the past decade. While major economies such as China, Malaysia, Thailand, India, and Indonesia saw an increase in exports to west, China gained a greater prominence as an export hub among Asian economies. However, as the COVID-19 pandemic hit the globe, global supply chains got severely impacted due to high dependence on China for several raw materials and intermediates, including auto components. Therefore, as global economies revive from the pandemic shock, global OEMs and Tier 1 auto component suppliers are increasingly focussing on diversifying their supplier base to de-risk their supply chains. With supply-chain realignment, several countries (including India) are likely to emerge as global outsourcing hubs in the coming years.

- Many domestic manufacturers have successfully entered into strategic alliances/collaborations, while others are actively formulating their plans. Many of the world's leading Tier 1 suppliers have set up manufacturing facilities in India, including Bosch, Delphi (now a part of Borg Warner), Visteon, and Denso. Additionally, some suppliers already meet global technical and quality standards at the Tier 1 level. Some of India's leading original equipment suppliers (OES) include TACO, Bharat Forge, Sundaram Clayton, and Sundaram Brake Linings.

- 2W automakers are introducing new models more frequently than before. This will also help drive the growth of the auto component industry since the process of manufacturing and designing will change, and component manufacturers can demand higher prices.

Precision engineering in the defence industry

The defence (including aerospace for defence) industry is the second-largest consumer of precision engineering (19.4%) share, as of fiscal 2021), following the automotive industry.

Precision engineering is critical for defence (including aerospace for defence) equipment, as a failure of even a small fitting component can lead to catastrophic results. Components of equipment in this segment require high material performance and special material properties, which are serviced by suppliers with expertise in these niche applications.

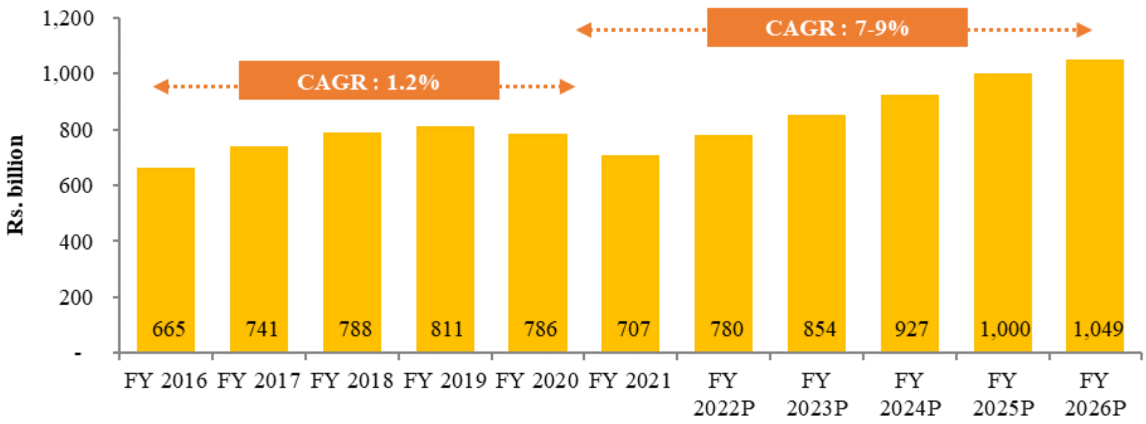
Components such as artillery systems, land and naval weapon systems, fire control systems, maritime equipment and systems, underwater platforms, engineering systems for land and marine forces, uncrewed aerial vehicles (UAVs), remotely piloted vehicles, autonomous programmable vehicles - C4I (command, control, communications, computers and intelligence) systems, and missile systems, radar systems, ball screws, and electro-mechanical actuator are precision engineered.

Indian defence industry

Precision engineering in defence industry

Criticality of precision engineering in defence and aerospace equipment is significantly high due to the high temperature and weather they are exposed to. These equipment account for 19.4% of total precision engineering industry.

Review and outlook of precision engineering market size in defence industry



P- Projected
Source: Ministry of Defence, CRISIL Research

Niche application such as defence, aerospace will be impacted to reduced investment in fiscal 2021. However, the demand for precision engineered components will rise over the next five-year period, as domestic production of defence and aerospace equipment increases due to government initiatives and the Make in India programme.

Precision engineering in aircraft industry

The Indian aircraft industry is still at a nascent stage. The growing passenger numbers and a burgeoning middle class indicate the possibility of healthy growth in passenger traffic for major airlines in the future. A buoyant market growth rate, coupled with the expansion of infrastructure, is likely to help the Indian civil aircraft industry grow at an accelerated pace from a low base of fiscal 2021.

Growth drivers in aircraft industry in India

- The commercial aircraft fleet is expected to increase from the current 600-700 aircrafts to over 1,000 aircrafts over the next four to eight years due to rising passenger traffic. The International Air Transport Association expects India’s air passenger numbers to, from and within India to increase 3.3x over the next 20 years.

- Boeing to procure components directly and indirectly from over 200 Indian suppliers that are involved in manufacturing of critical systems and components, such as aero-structures, avionics mission systems, composites, forgings, wire harness, and ground support equipment, for some of its commercial and defence aircraft. Boeing is planning to double its supply from $1.1 billion in 2019 to $2.0 billion over the next five years. Tata Boeing Aerospace Limited (TBAL) in Hyderabad has been delivering AH-64 Apache fuselages since May 2018 for Boeing customers across the world. Tata Advanced Systems Ltd. (TASL) manufactures the CH-47 Chinook Crown & Tailcone Assembly, AH-64 Apache Secondary Structures, AH-64 Vertical Stabilizer and 777 Uplock Box.

- Tata to be manufacturing 40 C-295MW military aircrafts in India for Airbus.

- Airbus is also planning to add new suppliers to its 45+ supplier base in India and looking at developing a supplier base to support its partnership with Indian Air Force, along with Tata for supplying transport aircraft.

- Defence and aerospace domestic production is expected to rise due to government initiatives and the Make in India programme. This will generate demand for sheet metal fabrication for niche applications, benefiting the precision fabrication industry.

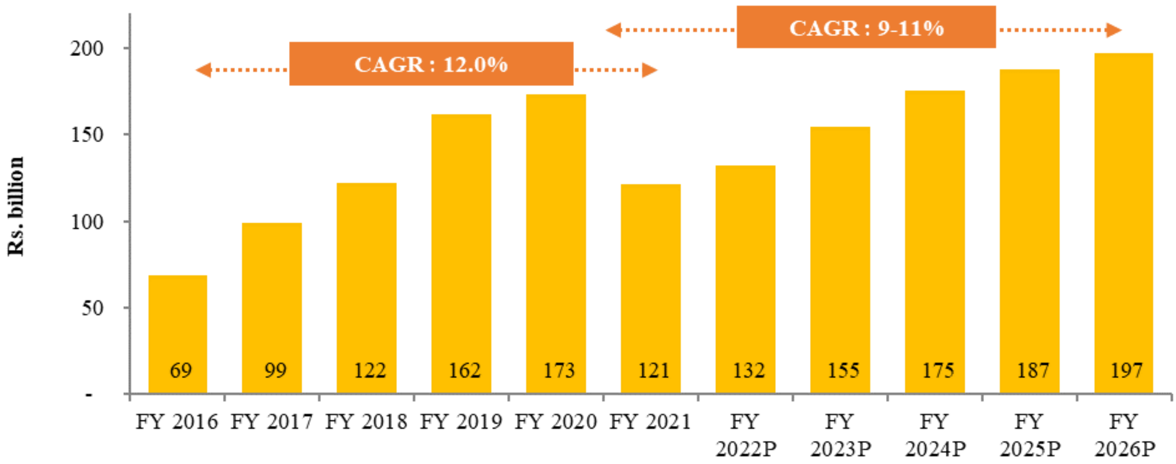
- Recently, global aerospace manufacturers, Boeing and Lockheed Martin, have shown interest in manufacturing aircraft in India, based on the outcome of India's aircraft acquisition plans. This could boost domestic production and exports at the tier I level as well.

- FDI up to 100% permitted on automatic route

Precision engineering in aircraft industry

Aircraft are subject to harsh treatment from humidity, extreme weather conditions, rapid changes in thermal and air pressure. Engine components, avionics (electrical systems such as navigation, communications, etc.,) sensors, airframes, connectors and seating parts are precision engineered.

Review and outlook of precision engineering market size in aircraft industry



P- Projected
Source: CRISIL Research

Precision engineering components registered growth of 26% CAGR between fiscals 2016 and 2020 because of the low base. The sector is estimated to have declined by 30% yoy in fiscal 2021 due to the pandemic. However, we expect robust growth from fiscal 2022 onwards.

Precision engineering in engineering and capital goods

Capital goods refers to products or equipment used to manufacture other products. Hence, it is widely known as the "mother of all manufacturing industry". Therefore, the performance of the capital goods sector is inextricably linked to the overall manufacturing sector.

Sub-sectors within capital goods

- Heavy electrical engineering
- Process plant equipment
- Earth-moving and mining machinery
- Printing machinery
- Dies, moulds and press tools
- Hydraulic machine
- Textile machinery
- Machine tools
- Plastic machinery
- Metallurgical machinery

Heavy electrical engineering occupies the largest pie (>50%) within the capital goods industry. Production of electrical equipment witnessed robust growth in the past few years, driven by growth in power distribution and transmission equipment such as transformers, conductors, meters, cables and switchgears registered growth on the back of government enhancing transmission capacity and pushing states to improve the distribution network.

Investment in capacity augmentation to drive demand for precision components used in machinery and equipment up to fiscal 2026

The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to gauge the health of the economy. Growth in the manufacturing sector is tied to sectors such as infrastructure, power, steel, automotive, oil and gas, consumer durables, etc. Demand for engineering plant and equipment components are from capacity additions in textile, consumer product manufacturing, power, mining, oil and gas, refinery, steel, and automotive and other industrial segments.

However, CRISIL Research forecasts the pace of investment to improve only at a tepid rate between fiscals 2020 and 2024 as key sectors such as automobiles and petrochemicals have a substantial capacity overhang. However, oil and gas, and power, which continue to dominate the industrial construction expenditure pie, will buck the trend. Here too, though, based on analysis of end-use sectors, the industrial and power sectors' construction investment between fiscals 2021 and 2026 are expected to increase only moderately compared with the previous five years.

Sector	Construction spends during FY16-FY21 (Rs. Bn)	Construction spends during FY21-FY26 (Rs. Bn)	Change in construction in FY21-FY26 period as compared to FY16-FY21 (x times)
Automobiles	404	573 - 593	1.4
Power	1655	2365 - 2385	1.4
Metals	373	593 - 613	1.6
Textiles	43	39 - 59	1.1
Paper	37	11 - 31	0.6
Fertilisers	79	157 - 177	2.1
Petrochemicals	80	126 - 146	1.7
Oil and gas	1302	1470 - 1490	1.1
Cement	183	183 - 203	1.1
Railways	3166	5435 - 5455	1.7
Industrial construction	2500	3222 - 3242	1.3
Defence and aerospace Equipment	4000-4500	4500-5000	1.1
Space	500-600	630-690	1.2
Nuclear energy	35-40	117 - 137	3.4

Note: Figures above indicate cumulative spends over respective periods.
Source: CRISIL Research

The Construction sector is projected recording a 30-35% optical recovery in fiscal 2022, from a low base in fiscal 2021, led by a recovery in building construction investments to pre-Covid levels by deferred completions and steady growth in infrastructure with healthy rise in central and state capex.

The outbreak of Covid-19, the subsequent lockdown and its financial fallout impacted construction spending across construction sub-sectors in fiscal 2021 with building & construction and industrial sectors expected to be the most impacted. CRISIL Research estimates a 16-20% drop in construction investments for FY21 returning to FY17 levels.

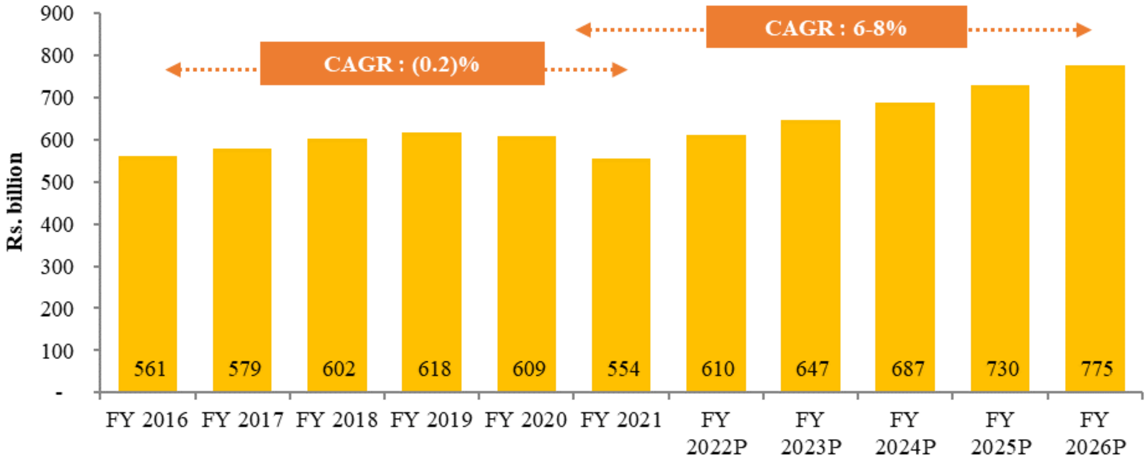
CRISIL research expects spends in the construction sector to register a CAGR of 4-6% over fiscals 2022 to 2026 to ~58 lakh crore as against spends of 38 lakh crore with a CAGR of 6% registered over fiscals 2016 to 2020, driven by the infrastructure segment.

Construction investments is expected to grow at 4-6% CAGR between fiscals 2022 and 2026. It would be fueled by a 7-9% growth in the infrastructure segment, 6-8% rise in Building construction and Industrials expected to record a marginal 0-2% growth.

Precision engineering in capital goods industry

Capital goods industry is the third-largest consumer of precision engineering after automotive and defence industry. It is estimated to have a share of 15.2% in the precision engineering market in India as on fiscal 2021.

Review and outlook of precision engineering market size in capital goods industry



P- Projected
Source: CRISIL Research

Precision engineering component registered declined by 0.2% CAGR between fiscal 2016 and 2020. Fiscal 2020 saw a decline due to lower private consumption and a slowdown in the economy. Fiscal 2021 also registered a decline due to a lower demand in domestic as well as export markets due to the pandemic. In the next two to three years, we do not expect significant capital investments due to available capacity and low demand. We expect precision engineering components to grow at a CAGR of 6-8% from fiscal 2021 till fiscal 2026

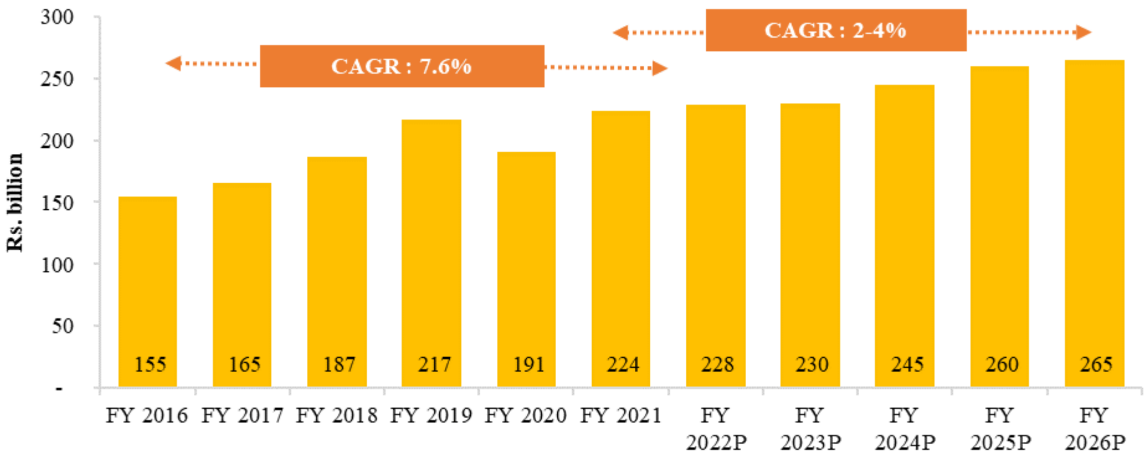
Precision engineering in power industry

Components such as hydro turbines, pumps, valves, motors, etc. are precision engineered in power generation, transmission and distribution. To obtain high efficiency of power output, avoid leakages and sustain in various weather conditions, high precision components are used.

Precision engineering in power industry

Generation, transmission and distribution of power take place at very high voltages, and require precision engineering to avoid leakages. Transmission towers also need precision components to withstand extreme weather conditions.

Review and outlook of precision engineering market size in power industry



P- Projected
Source: CRISIL Research

Power industry occupies 6.1% of total share in precision industry. Precision engineering components registered a CAGR of 7.6% between fiscals 2016 and 2021 and a robust 11.8% CAGR between fiscals 2016 and 2019. From fiscals 2021 to 2026, we expect growth to be stable at 2-4% CAGR.

Precision engineering in other sectors

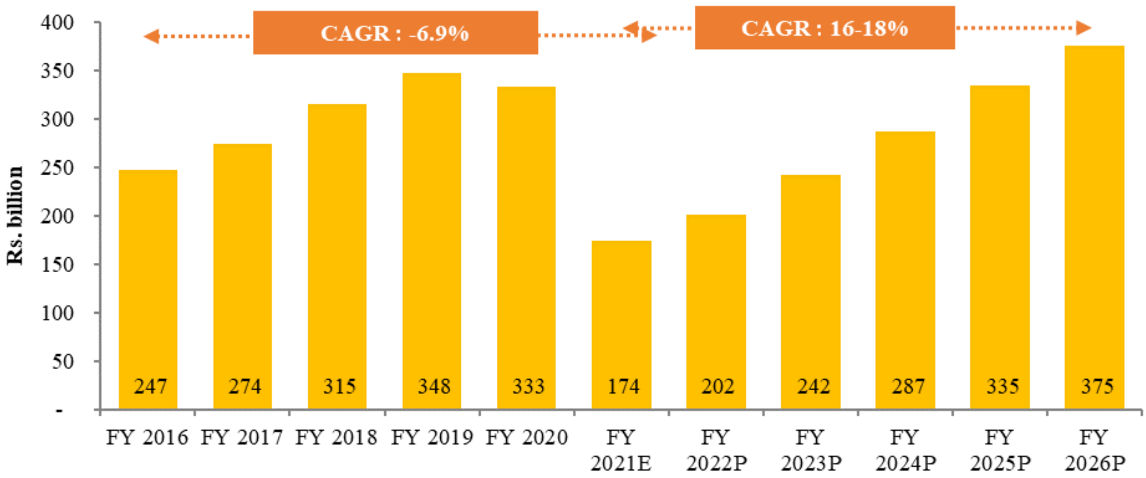
Here, we have included sectors like:

- Railways
- Construction equipment
- Refinery segment
- Tractors
- Medical equipment
- Nuclear equipment

Precision engineering in others category

Precision engineering is used across industries like railways, in electric as well as diesel locomotives, mainly while manufacturing engine components. Similar is the case with construction equipment and tractors. Medical equipment, which are to be fitted within the human body, are also precision engineered.

Review and outlook of precision engineering market size in others category



P- Projected
Source: CRISIL Research

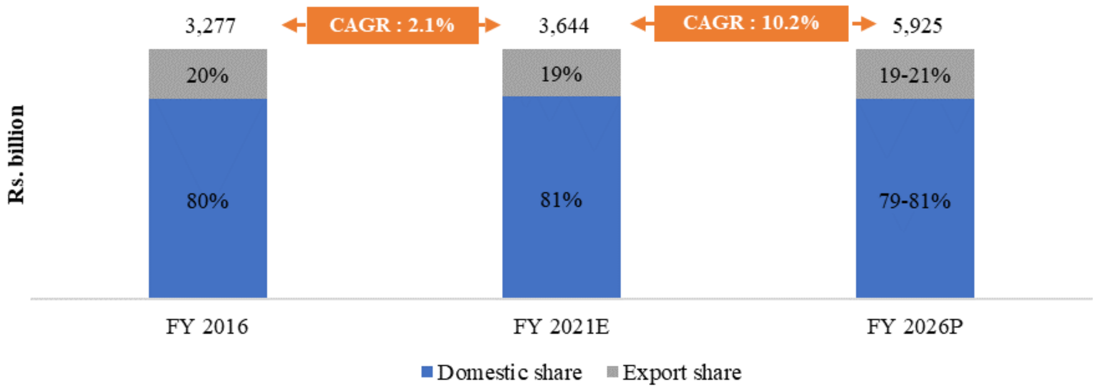
This category occupies 4.8% of total share in the precision industry. It registered a decline of 6.9% CAGR between fiscals 2016 and 2021; mainly due to a decline by 47.9% in fiscal 2021. By fiscal 2026, the industry is expected to reach back to grow at a 16.7% CAGR between fiscal 2021 and 2026.

Export trade scenario

Exports have 19-20% share in the precision engineering industry

Exports contributed 19-20% of precision engineering turnover in fiscal 2021. Exports have been growing on par with the domestic industry demand for precision engineering products as players have made huge investments in India for manufacturing. Exports were hit in fiscal 2021 by the decline in global economic growth, trade tensions and the pandemic. The share of exports is expected to increase to 19-21% of industry turnover going forward, as India focuses more on manufacturing. Rapid rise in exports will be limited by longer maturation period for the manufacturing sector and competition from other South Asian countries for cost competitive production.

Share of export and domestic sales in precision engineering industry



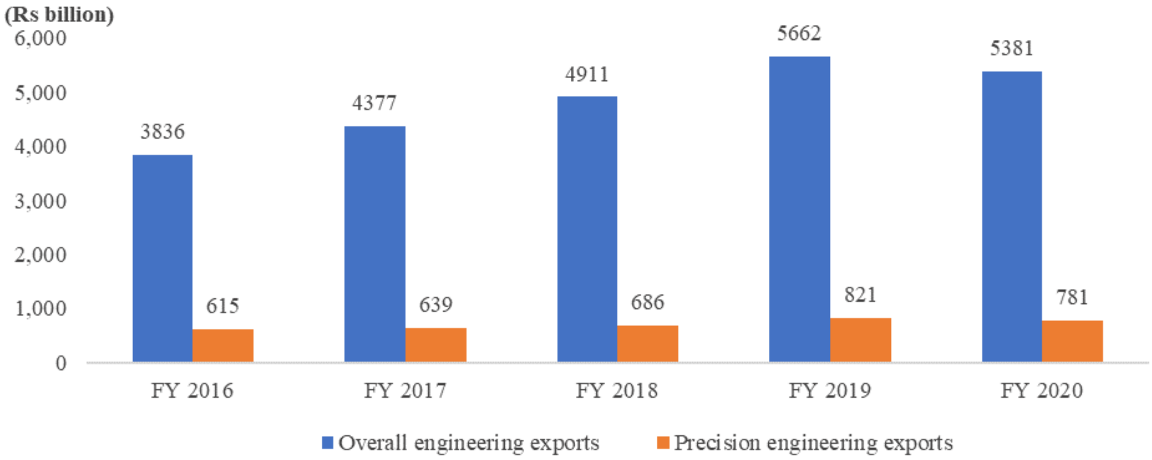
P- Projected
Source: CRISIL Research

Precision engineering exports make up 3-4% of total exports

The engineering sector has maintained 23% share in overall exports from India over the past five years, which is the highest share by any one sector. Engineering exports grew 8.8% to Rs 5,381 billion in fiscal 2020 from Rs 3,836 billion in fiscal 2016. Exports were impacted in fiscal 2020 by the pandemic and the resultant restriction on movement across the globe.

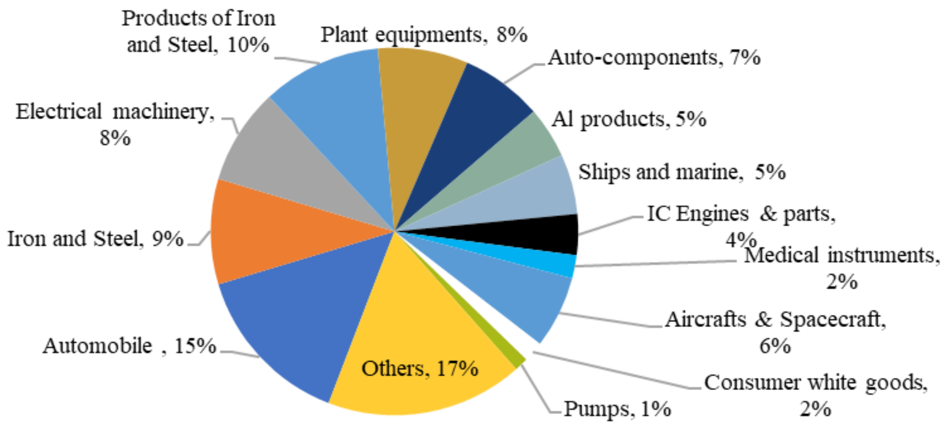
Precision engineering exports comprise 30-35% of overall engineering exports. Precision engineering exports increased at 6.1% CAGR to Rs 781 billion in fiscal 2020 from Rs 671 billion in fiscal 2016. Exports include industrial heavy machinery, aircraft and spacecraft parts, nuclear reactors, industrial boilers and parts, pumps, auto components, internal combustion engine parts, railway transport and locomotives.

India's engineering exports



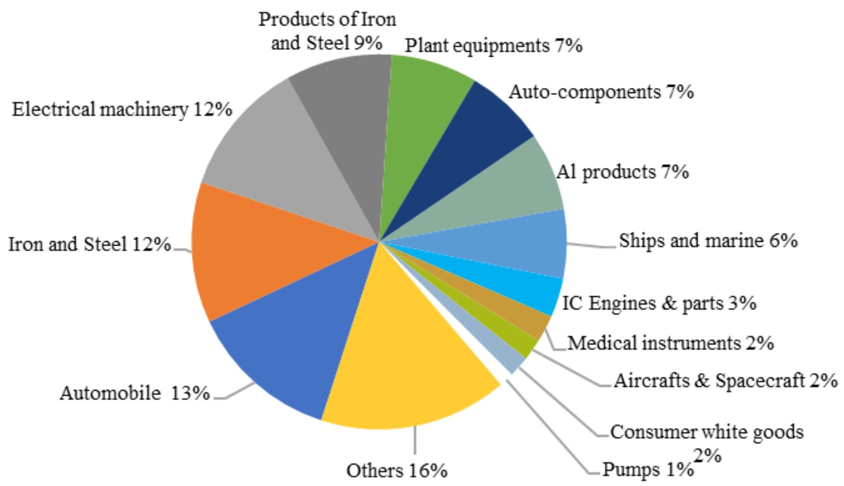
Source: CRISIL Research

Share of engineering exports in FY16



Source: CRISIL Research

Share of end-use segments in exports in FY20



Source: CRISIL Research

Country-wise share of engineering exports

Countries	FY16	FY20
US	12%	16%
UAE	7%	6%
Germany	4%	4%
Nepal	2%	3%
Bangladesh	3%	3%
United Kingdom	4%	3%
Mexico	3%	3%
Indonesia	1%	2%
Italy	3%	3%
Singapore	3%	3%
Top 10	42%	46%
Others	58%	54%

Source: DGFT, Engineering Export Promotion Council (EEPC) data, CRISIL Research

The United States (US) has 16% share of engineering exports from India and has high demand for product categories such as industrial machinery, iron and steel products, automobile and auto components, non-electrical machinery, aircraft and spacecraft.

The Make in India initiative has encouraged players to invest in India to strengthen the manufacturing base. However, large players still face local issues such as land acquisition, high labour cost, labour availability, high raw material prices within the country, and government interference in key sectors, making it necessary for India to invest in the ease of doing business and improve conditions on the field to invite players to manufacture in India.

Heavy protectionism among key markets and rising global trade tensions along with decline in the growth of major global economies have kept export growth range bound. Owing to lack of technology platforms and relevant expertise in India, imports for engineering products have been rising faster than exports.

Competition scenario

The engineering manufacturing industry is very fragmented, but established players with developed technological expertise create entry barriers for new players, especially in precision engineering sectors such as defence, aerospace nuclear, space and aircraft. CRISIL Research has compared key players in the precision engineering and components industry across sectors, such as automotive components, defence, aerospace and space. The data has been obtained from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales and/or company websites.

Player presence across industries

Company	Automotive	Defence	Engineering & capital goods	Aircraft	Power	Others
Aequs				□		□
Barnes Group Inc	□	□	□	□		□
Bharat Forge	□			□	□	□
Circor International Inc	□	□		□	□	□
Dynamatic technologies	□	□	□	□		□
Godrej & Boyce		□	□	□	□	
Kongsberg Gruppen Asa		□		□		
Hexcel Corp	□	□		□		□
Howmet Aerospace Inc	□	□		□		
Lakshmi Machine Works				□	□	□
L&T		□			□	□
Mahindra Defence Systems		□				
Maini Precision Products	□	□	□	□		□
Meggitt Plc	□	□		□		□
MTAR Technologies		□			□	
Sansera Engg	□					
Schaeffler India	□					
SKF India	□		□	□	□	□
Sona Comstar	□					
Sundram Fasteners	□			□		□
Transdigm Group Inc	□	□				□
Triumph Group Inc		□		□		

Source: Company websites, CRISIL Research

10 Overview of the global power tool industry

Power tools are devices that operate on an additional source of power apart from manual labor. Electric motors, internal combustion engines and compressed air (pneumatic) are the most commonly used power sources. Compared to conventional hand tools that solely depend on manual labor, power tools are more time-efficient and precise. Power tools make heavy-load tasks easier and more efficient.

Power tools typically include power drills, impact wrenches, hammers, saws, routers, grinders, etc., which are used in the construction, automotive, aerospace, shipbuilding, and other industries. They are also used in the residential environment for home repairs, do-it-yourself (DIY) projects, etc.

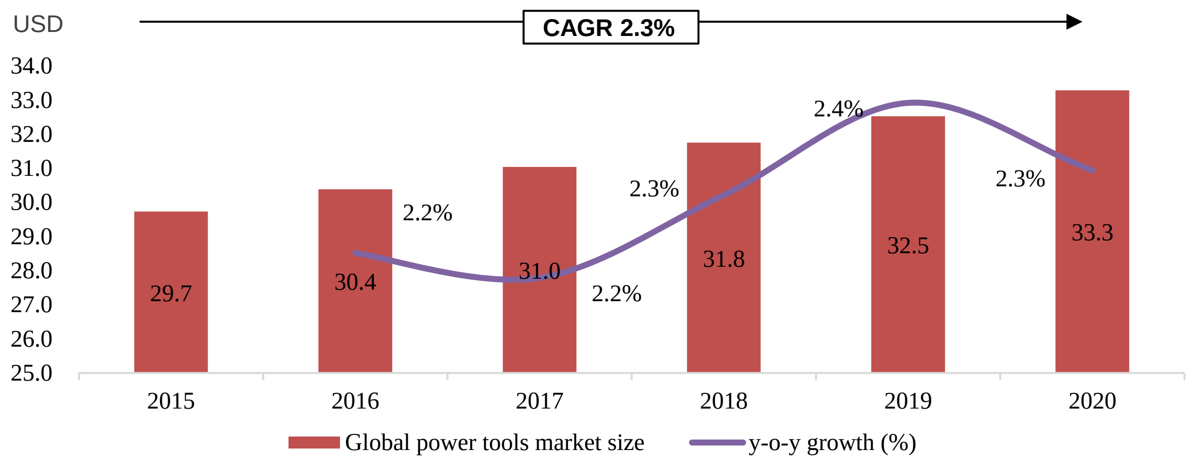
Power drills are used for boring holes, driving screws, and electrical fittings, among other tasks, while impact wrenches are heavy-duty fastening devices used extensively in repairs, equipment maintenance and product assembly. Hammers are used in carpentry, framing, nail pulling, riveting, bending, shaping metal, etc. Saws, which consist of a tough blade, wire or chain with a hard-toothed edge, are used to cut through material. Routers are used to rout out an area from hard materials such as plastic or wood to make patterns, grooves, etc. They are portable electric power tools mainly used in carpentry, with a flat base and a rotating blade extending past the base. Grinders, as the name suggests, can grind metal and cut tile, stucco and pavers and can also be used for deburring, finishing and polishing.

Review of the global power tool market size (CY2015-20)

The global power tools industry was worth $33.3 billion in 2020, growing 2.3% y-o-y, according to Grand View Research. Asia-Pacific held the highest share in value terms, at 32%, owing to its well-established automotive manufacturing industry and rising demand for power tools for infrastructure development in the region. North America and Europe followed with 27% and 24% share of the market, respectively. Well-established online sales and efficient distribution chains were the key drivers in the North American market while industrial and infrastructural expansion led by Germany and the United Kingdom were the leading factors for growth in the European market. The construction industry, expanding in tandem with rapid urbanisation and infrastructure projects, led to a growth in the Latin American market.

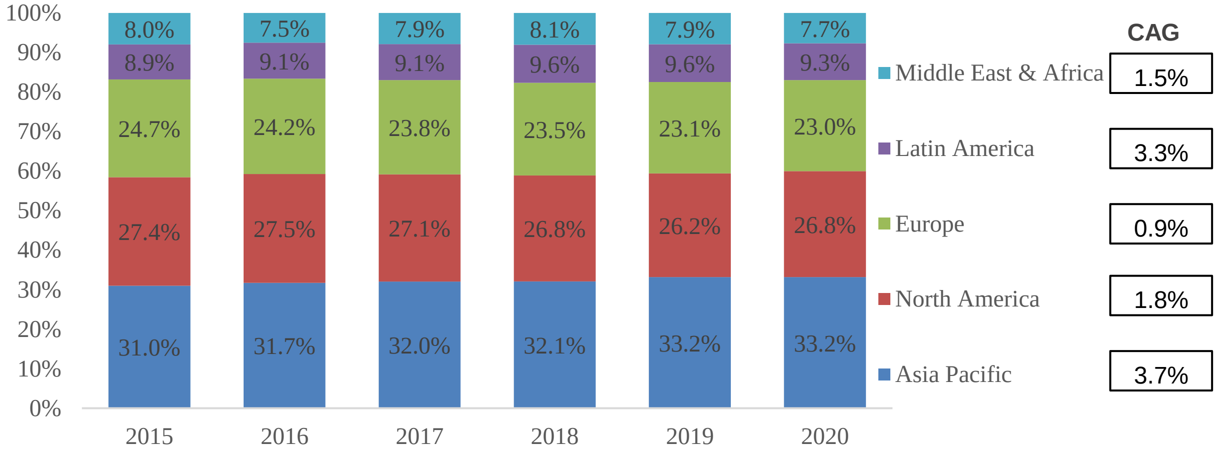
Techtronic Industries, Stanley Black & Decker, Robert Bosch Tool Corporation, Apex Tool Group, Atlas Copco, Emerson Electric, Hilti Corporation, Ingersoll Rand, Koki Holdings and Makita Corporation, are some of the key players in the industry.

Global power tools market size (CY2015-20)



Source: Power Tool Institute, ConstructConnect, US Census Bureau, UNComtrade, National Bureau of Statistics of China, ITC, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

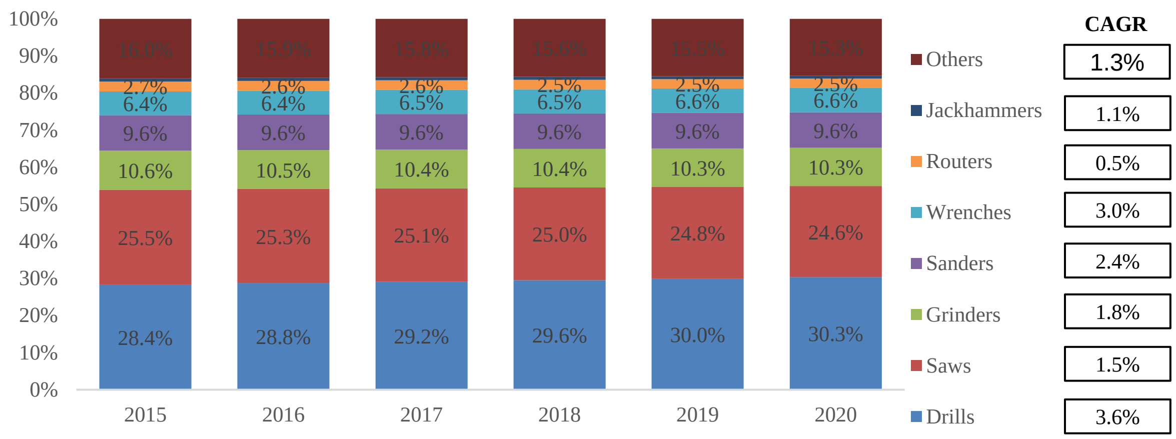
Share of key regions in the total global power-tools market (CY2015-20)



Source: Power Tool Institute, ConstructConnect, US Census Bureau, UNComtrade, National Bureau of Statistics of China, ITC, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

Drills formed the largest segment in the power-tools market and had a share of ~30% in 2020. Saws were the second largest segment, at ~25% in 2020. Grinders comprised ~10% and wrenches ~7% in 2020. Jackhammers and routers amounted to a minuscule 3.3% while sanders and other power-tools contributed to 25% of the market in value terms.

Share of product types in the global power tools market (CY2015-20)



Source: Power Tool Institute, ConstructConnect, US Census Bureau, UNComtrade, National Bureau of Statistics of China, ITC, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

Historic growth drivers

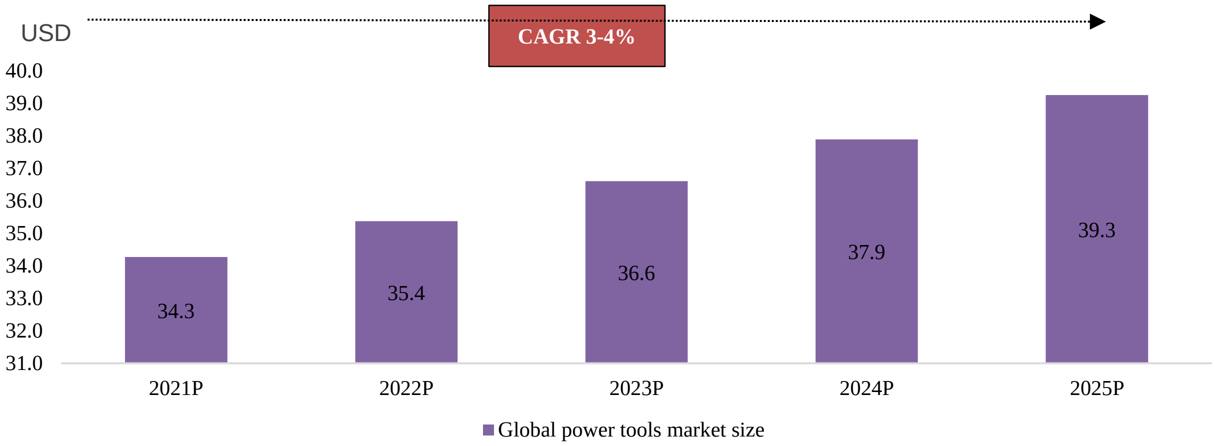
- The global power tools industry expanded at 2.3% compound annual growth rate (CAGR) in value terms from 2015-20, aided by the rising demand for power tools in industrial environments
- Technological advancements like the introduction of brushless motors have made power tools more energy efficient and suitable for heavy-duty professional applications, driving market growth
- Cordless tools are also driving the growth in the industry owing to their adoptability even in rural areas with power fluctuations and to reduce bulk compared to pneumatic or fuel-powered tools
- Increase in the use of power tools was predominantly aided by the growing automotive and construction industries, especially in emerging economies
- Rapid urbanisation and industrialisation across geographies has also contributed to the growth
- The increasing use of power tools in residential applications such as house repair and maintenance also supported the growing demand for power tools
- The increasing adoption of power tools in the residential space can be attributed to both the rise in the DIY culture as well as the increasing scarcity of workers for doing these jobs. Even during pandemic, power tool industry witnessed higher sale in DIY category.
- The rising disposable income of people has also aided growth

Outlook of the global power tool market size (CY2021-25P)

The global power tool market is expected to grow from at 3.5% CAGR from 2021-25 to reach USD 39.3 Bn in 2025, led by the Asia-Pacific region expanding at 4.7% CAGR, followed by North America and Europe at 2.4% and 3.8% CAGR, respectively, according to Grand View Research. Latin America is expected to grow at a 1.9% CAGR. Demand for power tools is likely to rise on the back of increasing infrastructure development projects undertaken by various governments the world over. Also, the DIY culture is here to stay and grow. Consequently, home improvement activities that call for power tools would provide a key platform for the growth of affordable and easy-to-use power tools.

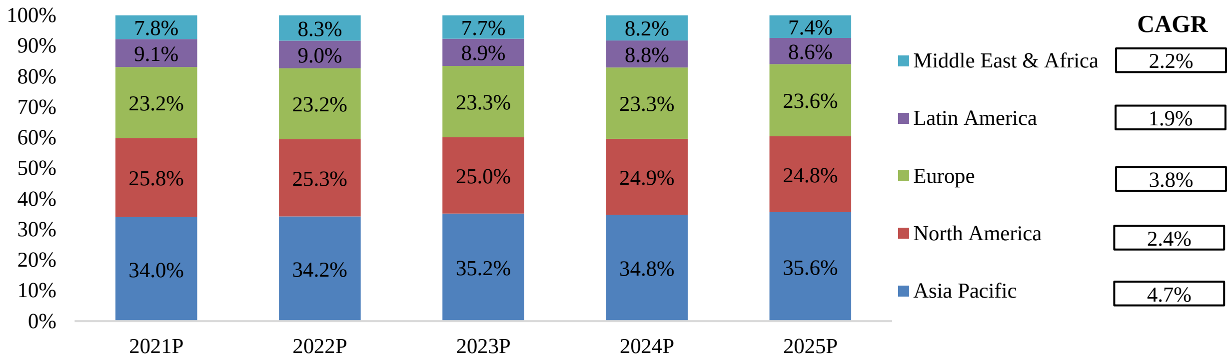
Post-pandemic growth can also stem from the resurgence of industrial and commercial activities, along with resilient distribution channels that are not dependent on physical contact.

Outlook of the global power tool market size (CY2021-25P)



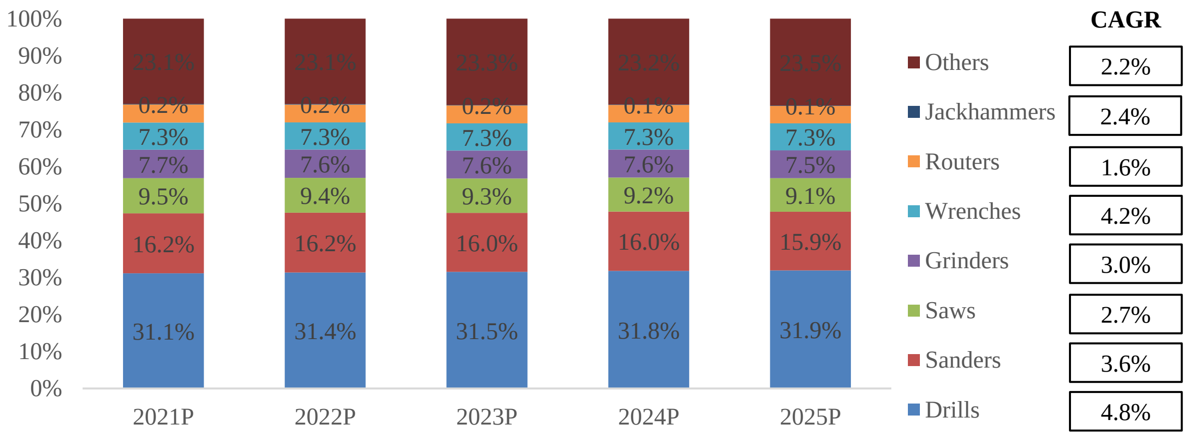
P: Projected
Source: Power Tool Institute, ConstructConnect, US Census Bureau, UNComtrade, National Bureau of Statistics of China, ITC, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

Share of key regions in the total global power tools market (CY2021-25P)



P: Projected
Source: Power Tool Institute, ConstructConnect, US Census Bureau, UNComtrade, National Bureau of Statistics of China, ITC, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

Share of product types in the global power-tools market (CY2021-25P)



P: Projected
Source: Power Tool Institute, ConstructConnect, US Census Bureau, UNComtrade, National Bureau of Statistics of China, ITC, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

At a share of 31-32%, drills are expected to retain their dominant position over the next five years owing to a robust outlook for the construction sector and a rising demand for fastening tools. With industrial activities picking up and technological advancements leading to safer and more user-friendly product designs, the demand for other types of power tools are also expected to go up.

Key growth drivers and challenges

Growth drivers

- Infrastructural growth, especially in emerging economies such as China and India, is a major driver of power tools market globally. Rise in labour costs in these markets are also expected to increase demand for efficiency-boosting power tools

- Technological advancement is a major growth driver for the industry. The popularity of cordless power tools is rising since battery-operated hammer drills, impact wrenches, circular saws, among others, are being used more often in construction, metal working, and repair and maintenance. Consequently, the advances in battery technology are also driving the industry to a large extent. Growing demand for smart power tools with wireless connectivity is also set to pick up in the coming years

- Changing customer behaviour in favour of DIY bodes well for the power tools market. The constant innovation in product design and safety features such as ease-of use, ergonomic designs, safety, portability, multi-purpose machines, etc., would encourage adoption by the domestic users. As the products become more affordable with better features, considerable growth can be expected from this segment

Challenges

- High initial prices of power tools is a major challenge in their adoption. Power tools feature various electronic components and assemblies. While technological advancements have improved their functionality, their prices also tend to be higher than those of conventional power tools

- Alternative affordable choices like leasing in developing economies, also pose a challenge to the growth of power tools market

- Power tools are precision instruments, making their maintenance costs high. The large number of moving parts in these tools leads to wear and tear depending on the usage and needs periodic recalibration. Repair of excessive wear and tear could even cost more than 50% of the replacement value of the products

- Fluctuation in raw material prices is another challenge since many of these tools are made of steel and aluminium

- Lack of awareness about many of these tools, their functions and technological advancements in the field also hinders market penetration to an extent

11 Overview of the Indian power tool industry

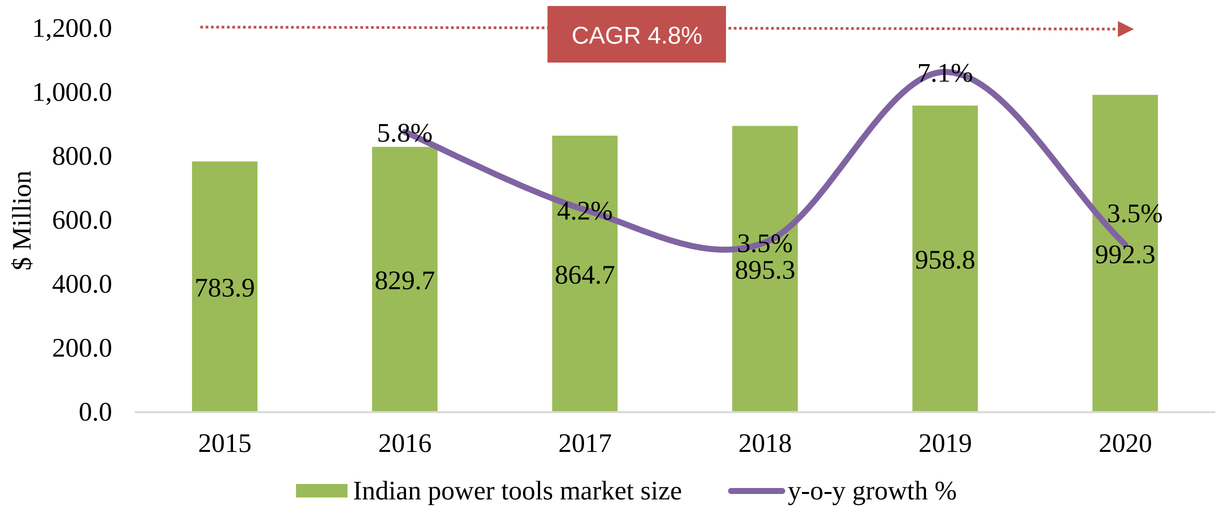
Review of the Indian power tool market

The Indian power tools industry is dominated by imported products, mainly from Germany, China, the United Arab Emirates, Japan, and Korea. The products are typically manufactured in China using German technology. Much of the demand for power tools is from the construction industry, especially since the power tools market in India is majorly driven by contractors.

The power tools market in India amounted to $992.3 million in 2020, growing 3.5% y-o-y, according to Grand View Research. The accelerating automation trend and need for time-efficient solutions has led to a shift from hand tools to power tools, thus boosting growth. Power tools are being increasingly adopted in industries such as construction and manufacturing. The southern region of the country contributed to a significant share of the industry owing to the presence of a robust industrial sector. The western region is also expected to expand significantly in the coming years due to its flourishing construction and manufacturing industries.

Major players in the industry include Bosch, Atlas Copco (India), Stanley Black & Decker India, Techtronic Industries, FEIN Power Tools India, Hilti India, Hitachi Koki India, Kulkarni Power Tools, Makita Power Tools India, pandem among others.

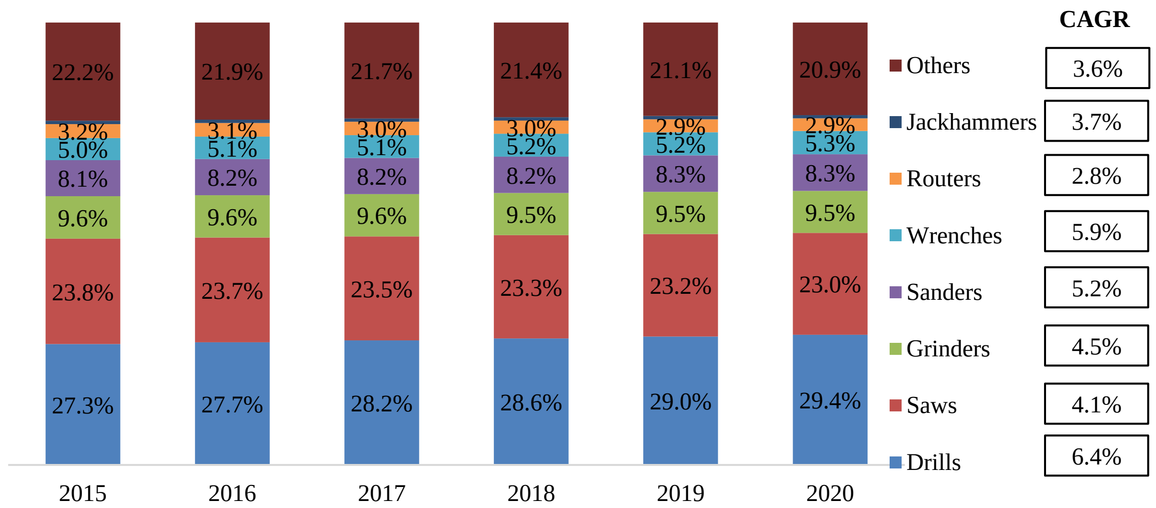
Indian power tools market size (CY2015-20)



Source: Power Tool Institute, UNComtrade, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

Drills formed the largest portion of the market and exhibited the highest compound annual growth rate (CAGR), at 6.4%, from 2015-20, according to Grand View Research. Wrenches grew at the second-highest pace, 5.9% CAGR, which increased their market share from 5% in 2015 to 5.3% in 2020.

Share of product types in the Indian power-tools market (CY2015-20)



Source: Power Tool Institute, UNComtrade, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

Historical growth drivers

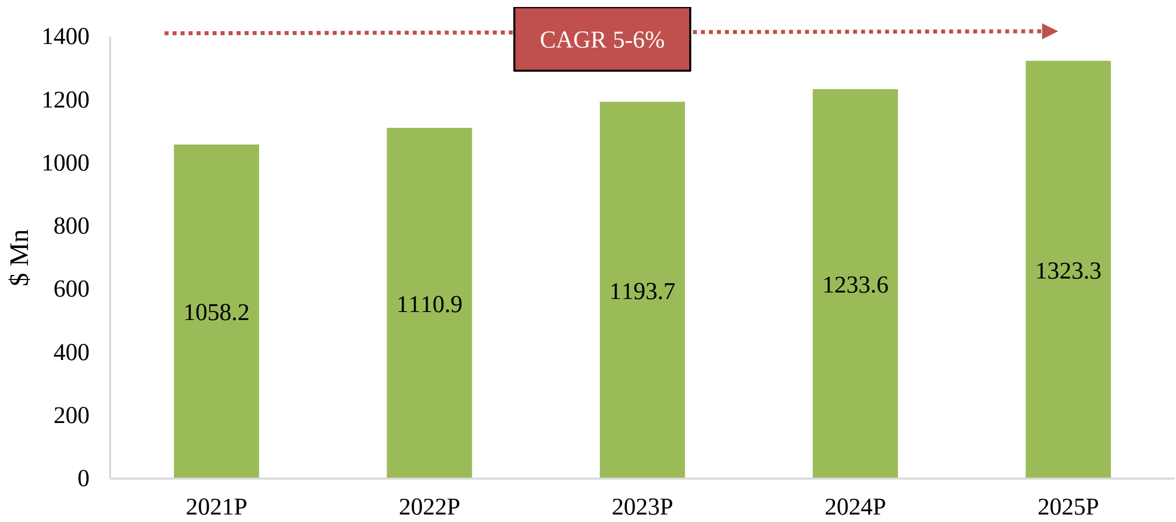
- Growth in the power tools industry in India from 2015-20 was propelled by an increasing shift towards power tools from conventional hand tools in major end-use industries such as construction and manufacturing
- Rapid urbanisation and industrialisation has given a major fillip to the shift towards automation, boosting adoption of power tools across industries
- Rising labour costs, more so in the urban areas in tandem with the lowering cost of electric power tools, has augmented industry growth
- Initiatives by the government such as Make-in-India and steps towards improving the nation's ease of doing business has encouraged many companies to start operations in India, giving a fillip to the power tools market

- Growth in e-commerce has also strengthened distribution channels, especially in the urban areas, helping the industry penetrate new markets
- During pandemic, DIY kits were used widely as compared to last year leading to its higher sale.

Outlook on the Indian power tools market

The power tool market in India is expected to grow at 5.7% CAGR from 2021-25, led by a sharp post-pandemic macroeconomic recovery, a robust and rising industrial sector, increasing consumer confidence index, and a deeper penetration of power tools in the Indian market.

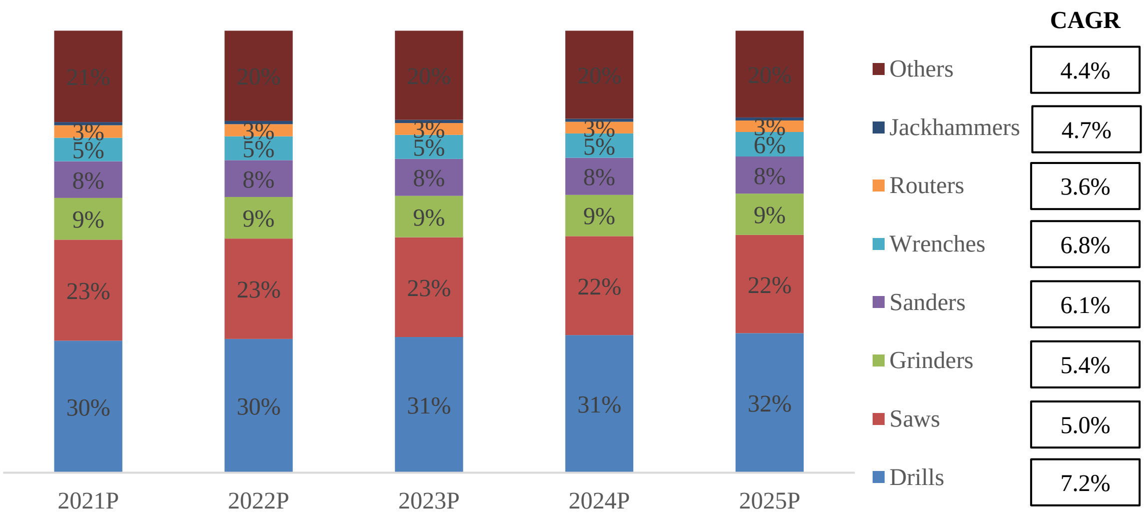
Outlook on the Indian power tools market size (CY2021-25P)



P: Projected
Source: Power Tool Institute, UNComtrade, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

The share of drills in the market is expected to increase from 30% in 2021 to 32% in 2025, at 7.2% CAGR. High growth is also likely in wrenches and sanders, at 6.8% and 6.1% CAGR, respectively.

Share of product types in the global power-tools market (CY2021-25)



P: Projected
Source: Power Tool Institute, UNComtrade, Company Annual Report, Investor Presentation, Paid Databases, Primary Interviews, and Grand View Research

Key growth drivers

- Infrastructural growth in the country is the leading growth driver for the Indian power tools market

- Lower market penetration compared with developed economies and the increasing automation trend in end-use industries such as construction and automotive manufacturing is expected to boost growth
- Government initiatives such as Make-in-India and Production-Linked Incentives across thirteen key sectors such as automobiles & auto-components, specialty steel, white goods, large scale electronics manufacturing, etc., are also expected to increase the uptake of power tools in these industries
- Public-private partnerships to improve infrastructure in Tier-2 and Tier-3 cities and Smart Cities Mission is encouraging the entry of international companies, aiding the increase in market penetration
- Unavailability of skilled labour and high cost of professionals are driving demand for power tools since the latter are a cost-effective and time-efficient alternative
- Technological innovations and the consequent reduction in the cost of power tool production is also increasing their affordability
- Power tools are also used in the renewable energy sector. Therefore, the central government's target of generating 450 GW through renewable energy by 2030 is expected to drive demand in power tools sector
- Product innovations by the leading manufacturers to suit the needs of the market would likely increase adoption in industries with low penetration
- The DIY (do-it-yourself) culture is also expected to boost demand in the domestic segment

Challenges:

- High initial prices and maintenance costs of the power tools is a major deterrent to the adoption
- Lack of awareness about the product innovations is another challenge

12 Review and outlook on global electronics industry

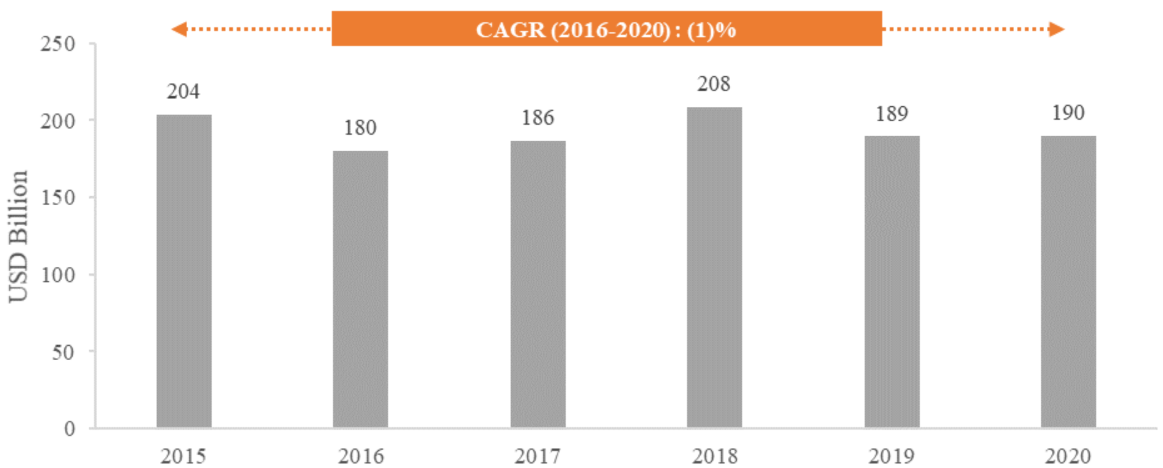
Review of global electronics sales (2015-20)

Technology plays a significant role in today's society. Whether it is for personal use at home or business use at our place of employment, we rely on our electronic devices to keep us connected to the rest of the world. Cellular technology, Bluetooth, 4G networking, Wi-Fi, and other technology have evolved leading to computing and networking devices such as smartphones, laptops and tablets. All three of these devices are portable, which allows us to deal with our personal and work lives from anywhere in the world.

Mobile computing by way of tablet computers is becoming more popular. Tablets are available on the 3G and 4G networks. Similarly, laptops are widely used for business purpose. Due to pandemic, where schools were shut, laptops and tablets were used for online schooling.

In this chapter, we are covering premium electronic products such as iPhones for mobile phone segment, iPad for tablets and Mac for laptop category

Review of global electronics industry (2015-20)

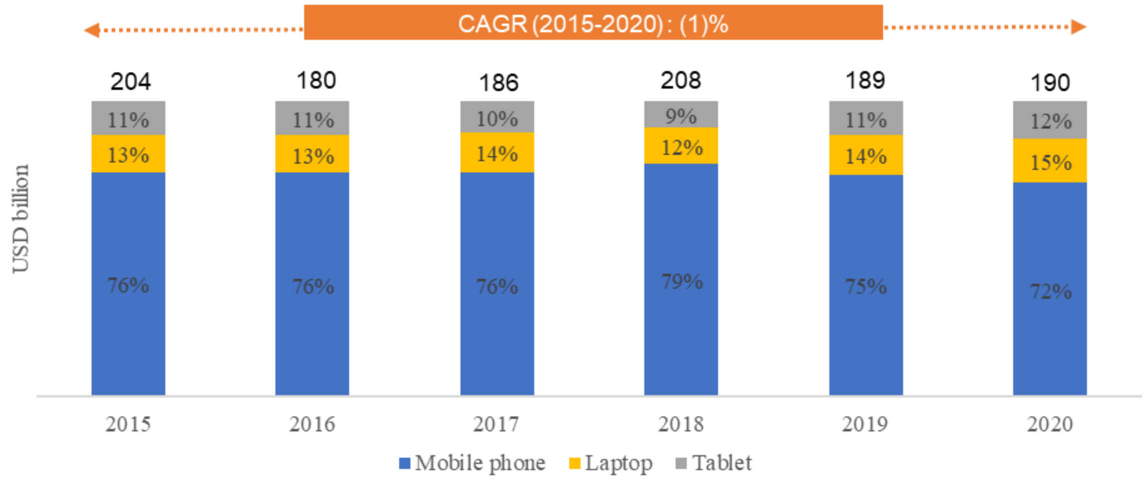


Note: Reporting cycle is from Oct to Sept

Source: Apple Inc SEC US 10K reports, CRISIL Research

Global electronics industry recorded a growth of -1% CAGR between 2015 and 2020. Mobile phone comprises a highest share in the industry which saw highest growth during 2008 till 2015 period, the industry declined in 2016 and 2017 on a high base. 2018 again saw a growth of 12% yoy, but the momentum declined in 2019 due to slowdown in global economy. However, despite pandemic, industry witnessed a flat growth in 2020.

Break up by mobile phones, laptops, tablets



Note: Mobile phone includes iPhone, tablet includes iPad and laptop includes Mac, Reporting cycle is from Oct to Sept

Source: Apple Inc SEC US 10K reports, CRISIL Research

Mobile phones contribute >70% of the electronics industry, followed by laptop and tablets. Widespread use of mobile phones and higher penetration as compared to laptops or tablets leads to its higher share in the industry. Electronic industry declined by 1% CAGR between 2015 and 2020. Despite the pandemic, industry recorded a slight growth in 2020 of 0.4% yoy as compared to 2019. Rather there was a surge in demand for such electronic products due to offices being shut leading to employees working from home and even schools were shut leading to demand for mobile phones and tablets majorly for education purpose.

Mobile phones

Mobile phone industry saw double-digit year-on-year growth from 2008 to 2015, but industry has stagnated since then. More customers are also holding onto their phone for longer, with the manufacturer providing software upgrades for longer than two years. Industry witnessed new technology coming in leading to cost optimisation and lowering the price of the phone to make it affordable for masses. Apple had introduced iPhone SE in 2016, which was the lowest range phone ever released. This led to higher sale of such products mainly in developing markets such as Asia.

Laptops

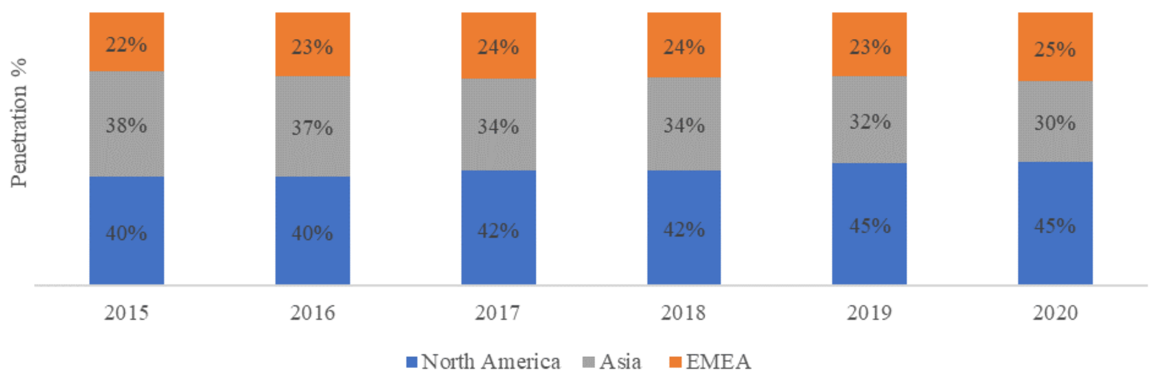
Laptops occupy a share of 12-15% in the total electronics pie. Laptops are typically used by professionals leading to its lower penetration unlike mobile phones which have higher penetration. The life cycle of laptops is also higher as compared to mobile phones and hence it has a longer replacement cycle. While there has been upgradation on processor front, availability of versions of operating system versions, etc., there is a high cost involved leading to longer replacement cycle. In 2020, during pandemic, laptop industry witnessed a growth of 11% yoy due to work from home and education purposes.

Tablets

Tablets provides optimum use of computing technology of laptops and networking technology of mobile phones. Tablets occupies between 10-12% of the electronics industry size. They are mainly purchased for personal use.

During pandemic, the market size of tablets expanded by 11% yoy in 2020 mainly for education and leisure purposes.

Break up by key regions/ geographies



Note:

- *America includes geographies such as North and South America, Europe includes European countries as well as the Middle East and Africa, Asia includes India, China mainland, Hong Kong and Taiwan, Australia and all other Asian countries.*
- *Estimated figures*
- *Reporting cycle considered is Oct to Sept.*

Source: Apple Inc SEC US 10 K reports

America

Sales in America has been on an upward trajectory, it increased by 6% CAGR between 2015 and 2020. It occupies the highest share of 40-45% in the global electronics industry. Factors such as higher purchasing power, higher new sales as compared to other continents such as Asia as well as low replacement cycle of the products have aided the sale of electronics in this region. Within America, North America dominates the electronic industry.

Asia

Except China, electronics industry across other nations like India, Japan, etc. has seen a consistent improvement in last 5 years. However, China still forms a biggest share in Asia region. Preference for local electronics players as opposed to global players such as Apple coupled with the trade war between USA and China has led to this fall in market share.

Europe Middle-East and Africa (EMEA)

In EMEA, Europe dominates the electronics industry. Electronics industry in Europe has increase by 6% CAGR between 2015 and 2020. Factors such as high disposable income leading to purchase of discretionary products such as electronics has led to this increase. Even in 2020, sales in Europe increased by 14% yoy despite of being the epicentre of the virus, driven by higher sales of mobile phones.

Key growth historic and futuristic drivers, trends, challenges and opportunities

Growth drivers

- Under penetrated markets such as Africa and Asian countries will lead the growth in next 5 years, however, the low per capita income will drag down the growth rate.
- Higher technological edge as compared to other mass market electronic products has driven the growth in premium electronic industry.
- Premium electronics are perceived as an aspirational product especially among the youth. This aids the volume growth as well as allows manufacturer to charge a premium pricing.
- Education-market strength and emerging hybrid model of working will propel the growth of electronic products to new highs with Covid-19.
- Ability of the premium electronics manufacturer to compete successfully depends heavily on ensuring the continuing and timely introduction of innovative new products, services and technologies to the marketplace.

Challenges

- Mass market brands compete primarily through aggressive pricing and very low-cost structures. Cost effective and better products by them impairs growth for premium products.

- Premium electronics manufacturer such as Apple, mainly uses iOS operating system. Many people prefer other platforms such as Android for phones, tablets and Windows for laptops due to better compatibility with other applications and software.

- China is an important market for premium electronics industry, given the growing number of middle-class customers. However, the mindset shift towards buying electronics from home grown companies has dented sale of premium category electronics.

Opportunities

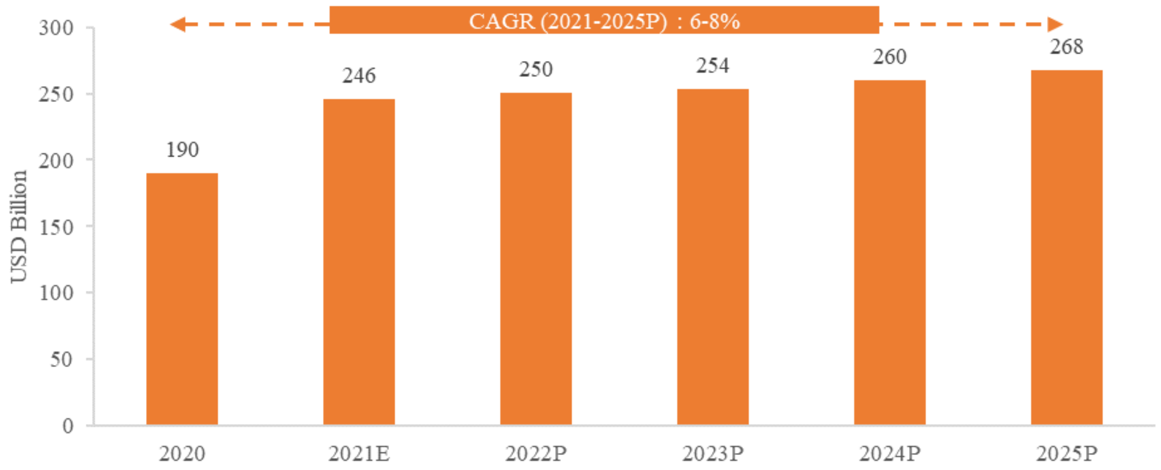
- Under penetrated markets mainly in Asia can aid the growth of the premium category electronics. Players in this space operate at above average margins as compared to their competitors. This gives them an edge to reduce their premium pricing on the products to expand their footprint in developing nations.

- Advancement in technology, higher spending in research and development activities to optimize the products will lead to demand for high end electronic products from developed economies such as North America and Europe.

- Frequent model launches, has led to shortening of replacement cycle mainly impacting mobile phone segment. This trend is expected to continue for next 5 years as well.

Outlook on global electronic sales (2020-25)

Outlook on global electronics sales (2020-25)



Source: CRISIL Research, Apple Inc. 10Q reports

Electronics industry is expected to grow at a CAGR of 6-8% till 2025, after registering a minimal growth of <1% in 2020. However, in 2021, the industry is estimated to grow at 29% yoy as compared to 2020 due to high demand of electronics during the pandemic on account of work from home and schooling from home worldwide. Even pent up demand aided sales from second half of CY 2020 onwards.

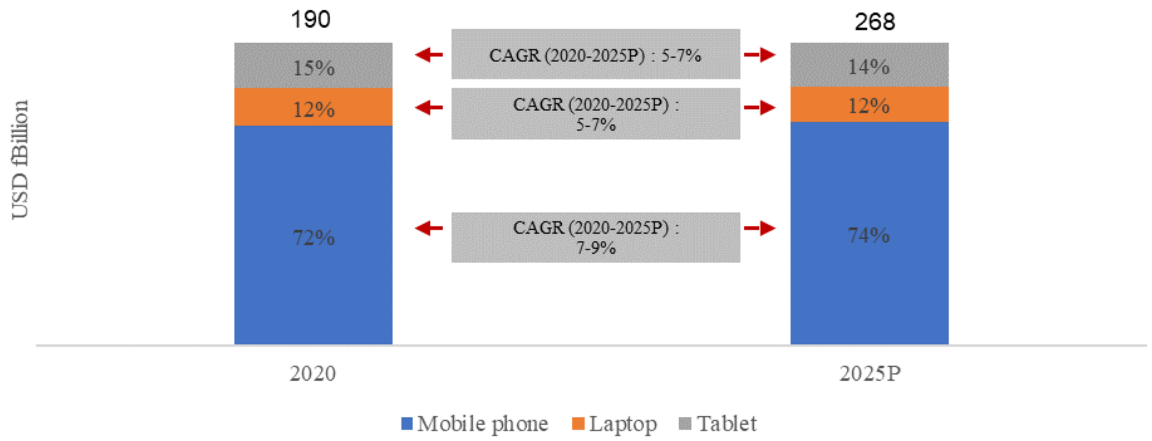
Major mobile carriers in the U.S. and around the world are rolling out 5G networks. Mobile phone manufacturers have introduced their first 5G phone in late 2020, they are expected to be benefited by the expanded coverage of 5G network. Continuing growth is expected in sales of mobile phones because of the strong needs for the new generation of cellular network. Compared to other companies in the industry, premium manufacturers have the highest retention rate among all smart phone maker. Adding the 5G features to premium phones could push the current user to upgrade their device.

Electronic manufacturers have also been swiftly navigating through the supply chain constraints that have sent shock waves throughout the broader tech industry - despite earlier warnings of increasing supply chain pressures ahead that could impact their production levels. Manufacturers have already pressed forward with outsized chip orders months in advance from its Asian suppliers as part of ongoing efforts to alleviate supply chain pressures and ensure streamlined execution.

Improving income levels mainly in developing nations such as India and positive economic outlook across the globe will bolster sale of electronics in coming years.

Break up by mobile phones, laptops, tablets

Product wise sales



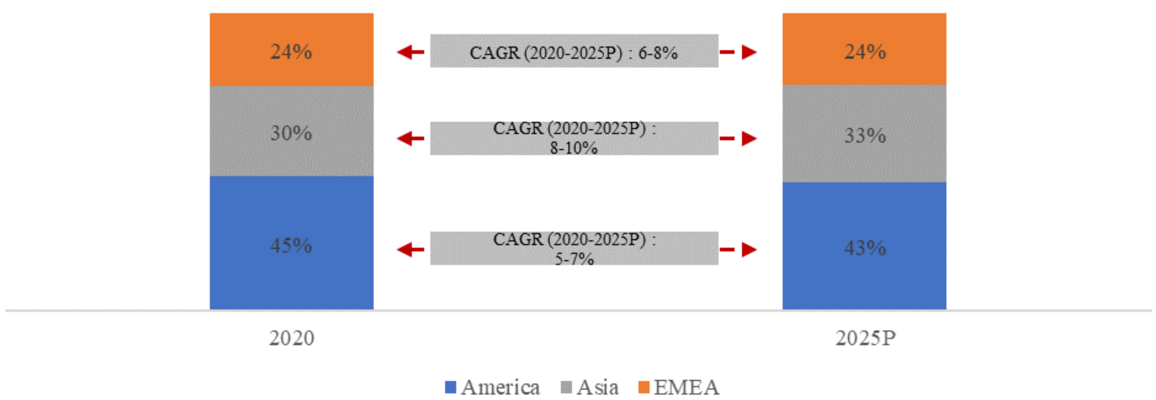
Source: CRISIL Research, Apple Inc. 10Q reports

Mobile phones which have been historically the main revenue generator for the past 10 years will continue to drive demand over the next 5 years at a CAGR of 7-9% till 2025 majorly driven by new launches every year with new technological advancements. The retention rate for premium mobile phones across the globe is significantly high which will help premium electronic manufacturer to grow at the said levels.

Tablets and laptops have seen a decline in the total share in the past years but has grown in 2019 and 2020. Tablets and laptops are expected to grow at a CAGR of 5-7% till 2025. Since the pandemic, business have shifted to work from home i.e. on online channel. Even in long term, corporates are exploring the possibility of hybrid model which is expected to drive the sale of laptops.

Break up by key regions/ geographies

Region wise sales



Note: Estimated share of 2020
Source: CRISIL Research, Apple Inc. 10Q reports

Expected rise in disposable income across the globe, demographic dividend in countries such as Asia and Africa and low penetration of electronics will drive the electronics industry. Volume growth will be driven from countries such as Asia, Africa and Eastern European countries.

America is expected to grow at a CAGR of 5-7% till 2025, mainly driven by replacement sales, whereas EMEA market and Asia are expected to grow at a CAGR of 6-8% and 8-10% respectively for the same period.

13 Market sizing and outlook of relevant segments of components

Global demand for precision-engineered components of aircraft

Aircraft in the aerospace and defense segment can be broadly classified into:

- Commercial jet aircraft (passenger and freight)
- Military aircraft
- Hybrid and electric aircraft

The commercial passenger aircraft is the largest segment in the global aircraft market. Airbus and Boeing dominate mainline commercial jet airline industry for passenger and cargo with a combined share of about 85%.

However, in the global military aircraft segment, there are multiple players that are state-owned and private, which develop equipment that are crucial to national security and cater to a small segment of the overall industry. The US accounts for almost one-third of the global military aircraft market. Most of the large players in the defence sector are also located in the US. Due to this, many of the companies in India in the aerospace and defense sector have a high share of exports catering to the market in US or Europe.

Aircraft components are classified into three broad segments:

- Aero structure, which includes structural components such as the fuselage, wings, interiors segments
- Engines, which include various kinds of parts required to operate and maintain propulsion of an aircraft
- Systems, which include avionics, electrical, hydraulic , landing gear ,and other sub-systems for aircraft operation

Many parts of aircraft are precision engineered due to the stringent quality control norms as they have a direct bearing on the safety of passengers and safety and security of habitation on the ground. Aircraft typically face harsh operating environments such as humidity, extreme weather conditions, and rapid changes in thermal and air pressure. They might even be flying over difficult terrains. Due to this, to ensure passenger safety, several components of aircraft are designed and manufacture red with advanced high-quality materials and high-tech processes used in precision engineering. At the same time, they are expensive and only a lengthier life cycle can ensure their optimal utilisation. An aircraft is required to be regularly serviced to maintain it in top condition, in line with the rules and regulations that govern the sector that are more stringent than other modes of transportation. Typically, the parts that are precision engineered are engine components including components of auxiliary engine, landing gear, avionics (electrical systems such as navigation, communications, etc) sensors, airframes, hydraulic and fuel connectors, etc.

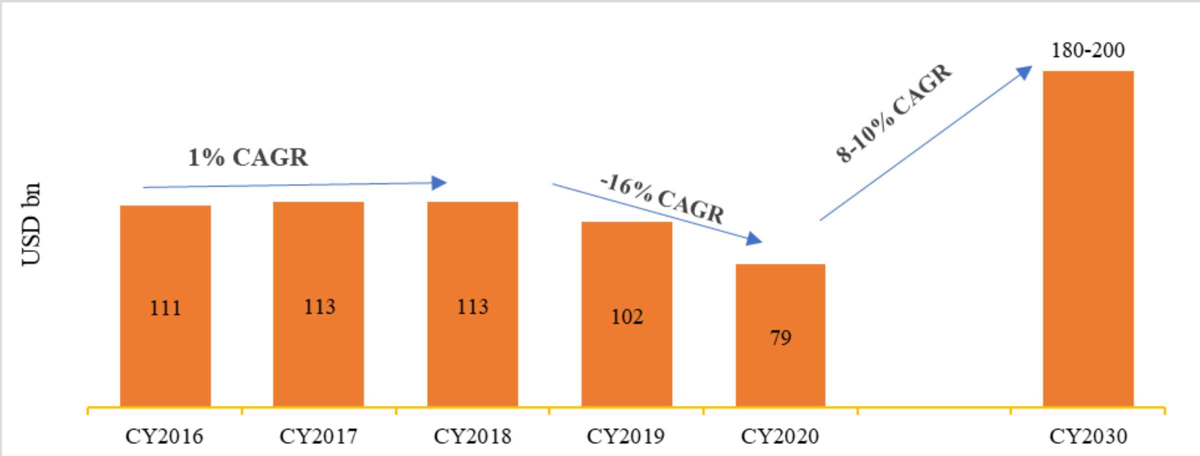
Most of the materials used in aerospace need to be strong yet light. Hence, aluminium, composite materials, titanium, stainless steel and ceramics are the most commonly used materials for aircraft parts. The hot side of the engine uses special and difficult to machine materials such as Inconel, Cobalt, Titanium, Rene 77 that can sustain high temperatures. Metal parts are either cast or forged and then machined with high precision to match the tight tolerances required to meet the stringent standards. In line with growth of the aerospace and defence sector, demand for precision engineering is also expected to rise.

Global demand for precision engineered components of aircraft

Intensity of precision engineering in aircraft manufacturing is high due to stringent requirements for tight tolerances for aircraft parts. Various sections of an aircraft are estimated to have a precision engineering intensity of 50-60% by value. Precision engineered components such as vanes, compressor blades find usage in LEAP engines which power ~60% of commercial aircrafts fleet of Airbus and Boeing as on 2020 as per the Flight Global's Commercial Engines 2021 report.

Aircraft precision engineering industry is characterized by high barriers to entry on account of, lengthy customer and product approval processes, necessity of various certifications prior to development of products, size of operations, difficulty in customer acquisition in the absence of existing customers, understanding, implementation and sustenance of quality systems and customer requirements, and customer management and logistics.

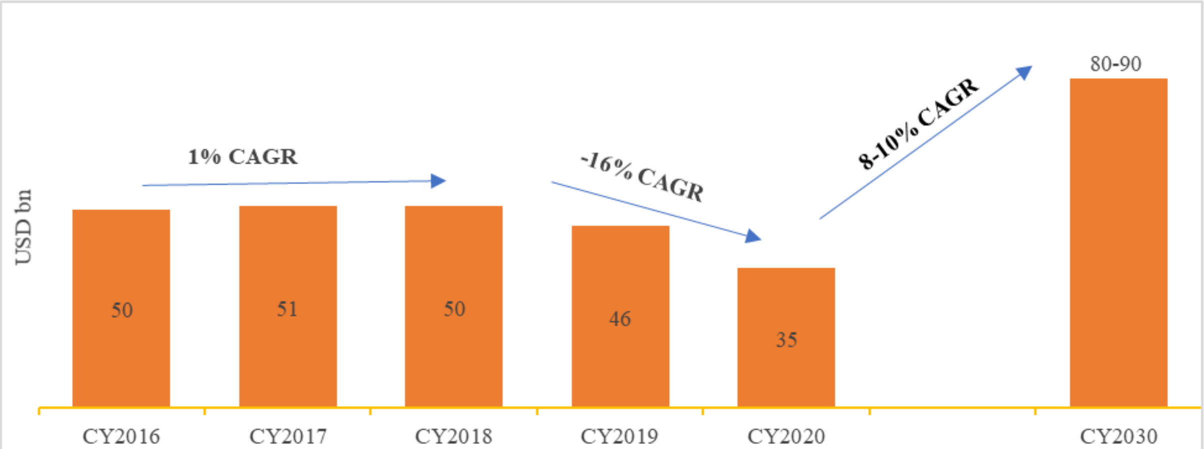
Global demand for precision-engineered components of aircraft



Note: The demand is inclusive of raw material, cost of casting/ forging and machining for aero structure, engine and system components
Source: CRISIL Research

Demand for precision-engineered components for aircraft is linked to the performance of the global aircraft industry. The global demand for these components peaked at an estimated USD113 bn in 2018 and then declined to USD79 bn in 2020. The industry is expected to log 8-10% CAGR through 2030 on a low base driven by strong demand for commercial aircraft after the pandemic lows hit in 2020.

Global demand for aircraft precision engineering machining value-add



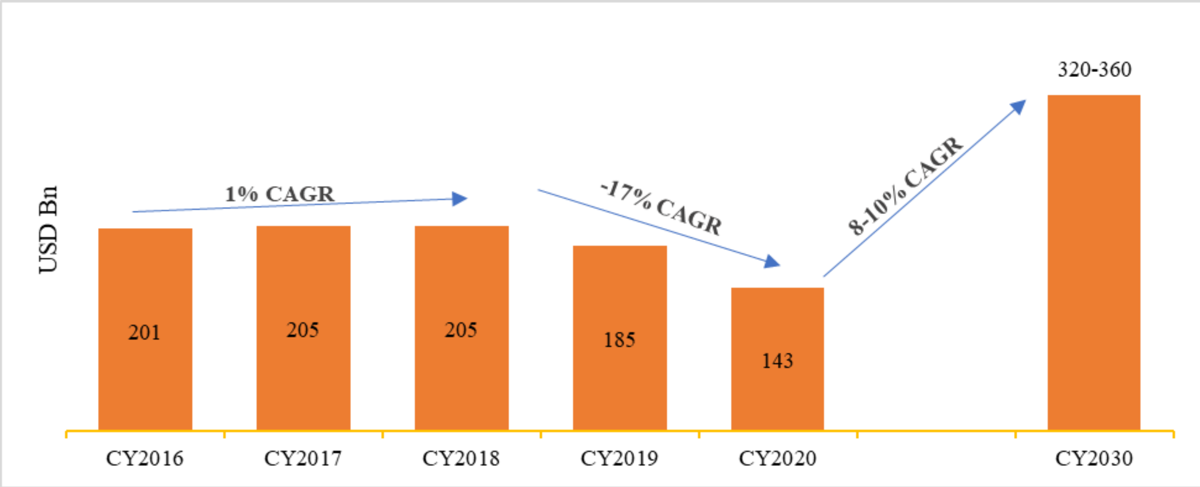
Source: CRISIL Research

In 2020, demand for precision engineering machining value add for aircraft was estimated at USD35 bn. This is expected to clock a CAGR of 8-10% over the next 10 years to reach USD80-90 bn by 2030.

Key drivers for precision engineering in aircraft industry

The global aircraft industry includes commercial passenger and transport jets aircraft, turbine helicopters, and military aircraft that perform various combat and non-combat operations. Commercial jet aircraft are the largest sector by value in the aircraft industry. Due to their large size and sales volume, they are also the largest consumer of precision components for aircraft, followed by military aircraft.

Global aircraft market



Note: Aircraft industry considers turbine powered commercial jets, freighters, helicopters and military aircraft.
Source: CRISIL Research

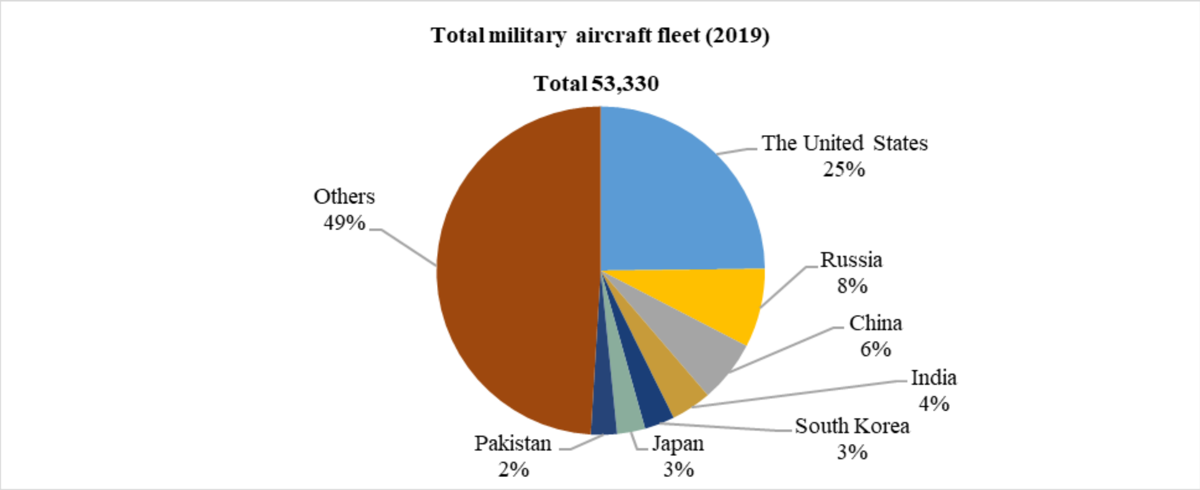
The global aircraft industry saw a steady rise until 2018 to hit peak of USD205 bn. In 2020, the size was estimated to have shrunk to about USD143 bn. The demand for commercial jets fell in 2019 and 2020 due to issues with Boeing 737 MAX and Covid-19. The military aircraft segment, which is influenced by military budgets and security situation around the globe, is less affected by issues such as the pandemic. The segment has steadily grown in the past five years and also supported the demand for precision-engineered components.

Outlook for the aircraft industry looks robust although on a low base. Replacement demand for aircraft is likely to be the first to see a pick-up for the next four-five years as airlines, emerging out of the pandemic, start replacing older aircraft with newer more efficient variants as crude oil prices increase. As passenger traffic revives and fleet utilisation levels increase, airlines will expand their fleet. China and India are expected to be the first and third most important markets by delivery value. However, Airbus and Boeing are likely to see impact of trade tensions on their order flows.

Global military spending is expected to log a CAGR of 2-4% over the next 10 years, driven largely by rising geopolitical tension in Asia and the Middle East. US defence spending is expected to continue to grow steadily as the country modernises its military and retires end-of-life equipment to gain superiority. Its newly established Space Force branch, which is beginning to evaluate and build capabilities, is also expected to boost demand in the aerospace and defence spending. China's defence spending is expected to continue at a faster pace than global average. France is also expected to increase defence spending to meet the NATO's target of 2% of GDP. India is expected to increase its defence spending to improve its combat capabilities by puchasing newer generation of aircraft and more modern equipment and phase out older generation and high maintenance equipment as it has seen an escalation in border tension with China, which is also increasing its military expenditure. Continuing tensions between North Korea and South Korea will prompt the neighbouring countries to accquire new defence capabilities, driving up their military spending.

The top seven countries account for about two-third of the global military spending. The US leads as it is also the largest economy and competes to maintain its military superiority in terms of technology and firepower. It has the highest number of large defence companies that work with cutting edge technology and produce some of the most advanced technological weapons and aircraft, which have a global market.

Countries with the largest defence budgets have the largest military aircraft fleet



Source: Flightglobal, CRISL Research

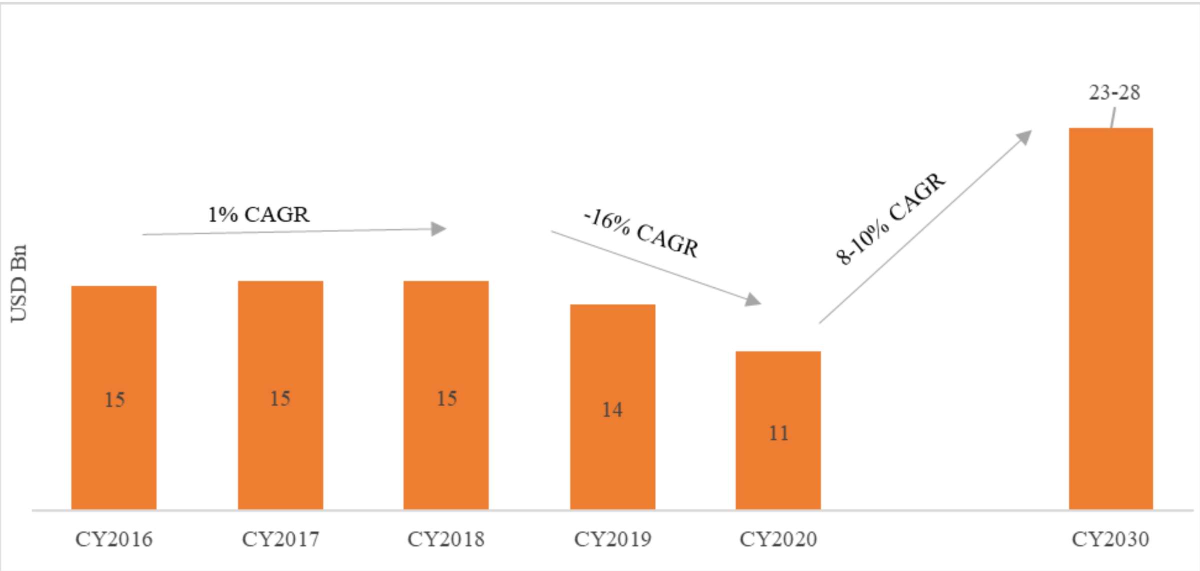
Defence spending is not easily affected by factors such as Covid-19. It is expected to continue to rise as geopolitical tensions heighten and various countries upgrade their fleets to gain an edge and ensure deterrence. This will also cause a rise in military aircraft procurement by countries.

Segmental demand for aircraft precision enginerered components

Companies such as Boeing and Airbus don't entirely manufacture the aircraft themselves. They mainly develop, design and market aircraft under their brand name, while many of the components are manufactured by vendors and partners across the globe. The aircraft manufacturer selects them based on cost and competency. Once these parts are manufactured, they are shipped, sometimes multiple times, as each vendor separately assembles the sub-assemblies before it reaches the main factory where the aircraft is assembled.

The aero structure houses all the individual components/assemblies of various systems. It includes the fuselage, wings and its parts such as ailerons, flaps etc, empennage (tail structure including the elevators and rudder). It forms a large share of the value of an aircraft. The global demand for precision engineering machining value-add in aero structure components is expected to be about USD 11 bn in 2020 due to a fall in shipment of aircraft in 2019 and 2020 due to Boeing 737 MAX grounding and Covid-related restrictions. It is expected to register a CAGR of 8-10% over the next 10 years and reach USD s23-28 bn by 2030.

Global demand for precision engineering machining value-add in aero structure components



Source: CRISIL Research

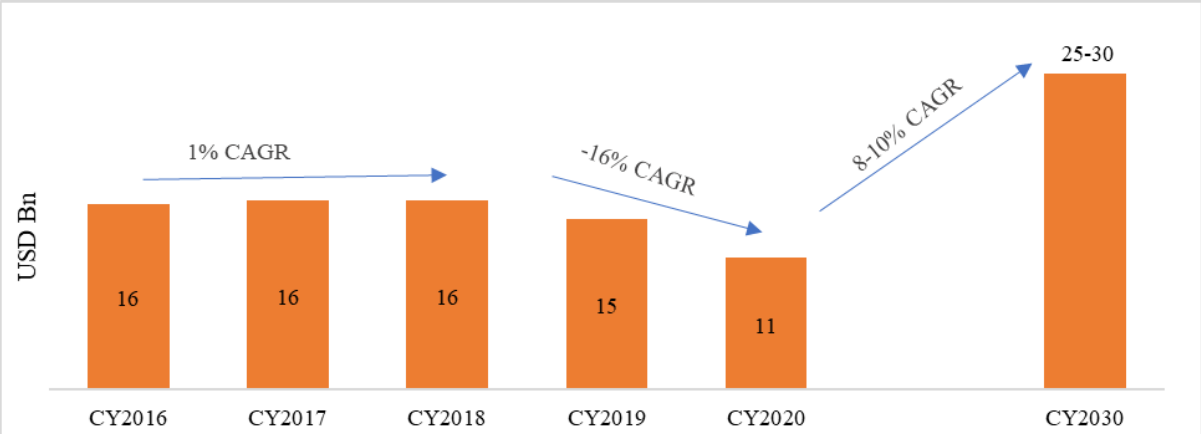
The jet engines used in commercial and defense aircrafts are produced by only a handful of companies dedicated manufacturers. Many of these companies have been producing them for decades have refined their technology and processess over the years to make highly efficient, reliable engines. Jet engine components includes fan, compressors, inlet guide vanes, engine mounting brackets, fittings for fuel liners, combustion chamber, turbines, nozzle vanes, nozzle, shafts, hydraulics etc.

Most jet aircrafts also have an additional engine, usually in the tail section, called the auxiliary power unit (APU) They serve as an additional energy source used to start one of the main engines on an airliner or business jet. The APU is equipped with an electrical generator to create enough power to operate onboard lighting, galley electrics, cockpit avionics etc based on design of the aircraft. APU's draw bleed air from its own compressor, an APU also drives the environmental packs used to heat and cool the aircraft.

Honeywell is the dominant player in APU's for commercial airplanes as they have been present in the segment for about 70 years and have built a reputation of making reliable and fuel-efficient APU's over the period while Pratt and Whitney holds the rest of the market under the Hamilton Sundstrand brand, which is another reputed brand in the APU segment. However, Boeing and Safran JV named Initium Aerospace has potential to be the third major player in the long term as Safran already has experience in similar products under Safran Helicopter Engines.

APU's are also turbine engines but much smaller compared to the main engines. Major components of an APU include starter, generator, compressor, turbine, nozzle along with fuel valves, relief valves, manifolds, pistons, connecting rods, rocker arms, shafts, housings, oil pump body, cylinders etc. being other major components.

Global demand for precision engineering machining value-add in engine components

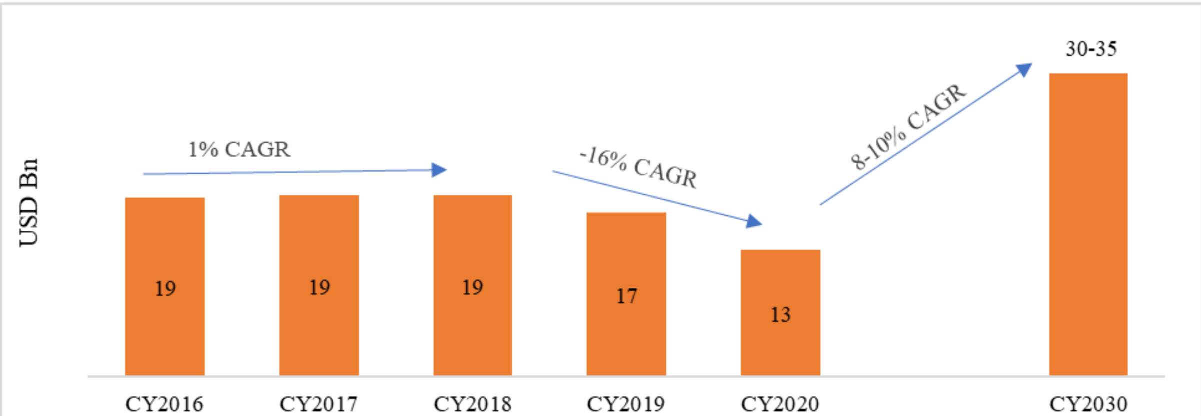


Source: CRISIL Research

The global demand for precision engineering machining value-add in engine components is expected to log a CAGR of 8-10% over the next 10 years and reach about USD25-30 bn by 2030.

The third major segment is systems, these can be avionics such as radar, communications as well as other support systems such as hydraulic and pneumatic systems which include parts such as manifolds, housings, cylinders, fuel injector parts including fuel control body, fuel flanges, actutators, fittings including connectors, ferrules, elbows, TEE, sleeves, check valves, torque links for landing gears etc. The global demand for precision engineering machining value-add in system components is expected to grow from about USD13 bn in 2020 to about USD30-35 bn in 2030, at a CAGR of 8-10%.

Global demand for precision engineering machining value-add in system components

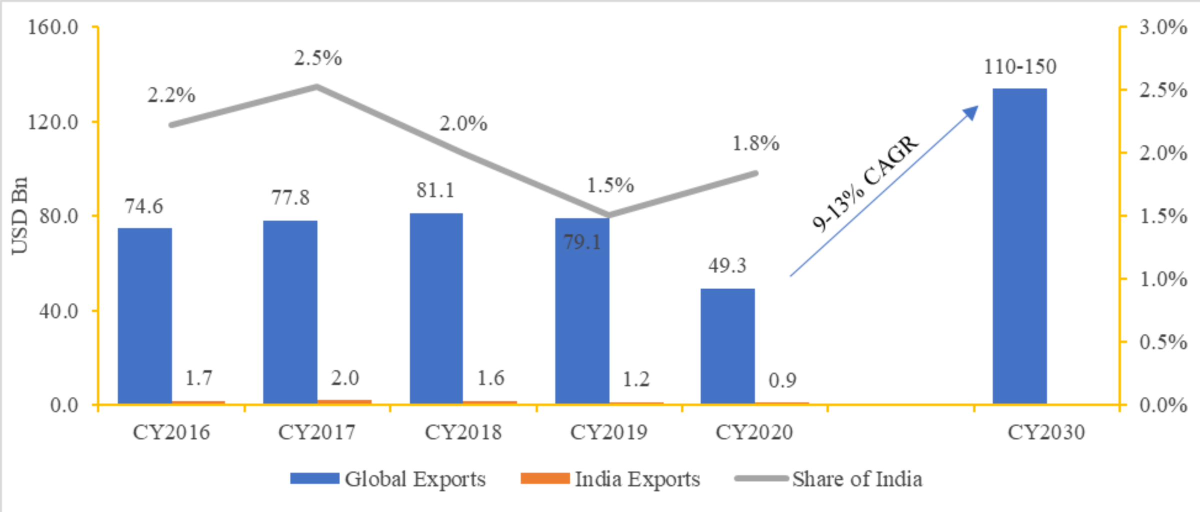


Source: CRISIL Research

Indian precision-engineered aircraft component industry

A major share of the global aircraft industry is located in the EU and US. Many Indian precision engineering companies in the aerospace and defence sector export their products to either tier-I or tier-II suppliers in the west. The domestic precision engineering industry for aircraft is still at a nascent stage. Indian aircraft component industry as a share of global industry is low at 2-3%. Share of India in global exports of aircraft parts has been hovering around 2% over the past five years which indicates a large opportunity for Indian industry in the global aircraft manufacturing space.

Comparison of global and Indian export of aircraft components



Source: UNComtrade, CRISIL Research

Global export of aircraft components steadily grew until 2018. After 2018, it declined due to slowing aircraft deliveries owing to Boeing 737 MAX grounding and Covid-related restrictions. Going forward, as flights resume and demand for aircraft increases, export of aircraft components is expected to increase and reach about USD110-130 bn by 2030.

India has huge localisation opportunity in aerospace component manufacturing industry

Indian aircraft sector is only a small portion of the global aircraft industry. Most of the aircraft manufacturing in India is done by state-owned Hindustan Aeronautics Ltd (HAL). The company manufactures and maintains aircraft for the Indian armed forces, which procure a variety of aircraft such as fighters, helicopters and other kinds of support aircraft from it. While there are multiple companies supplying to HAL, the opportunity the global industry offers is immense.

The global commercial aircraft segment is dominated by two players – Boeing and Airbus – which enjoy a combined 85% market share. Boeing's manufacturing facilities are mostly located in the US and Airbus's in the EU. Many major suppliers to these companies are also located in the same region. Some of the major engine suppliers such as CFM International, GE, Prat & Whitney, Rolls-Royce, Honeywell etc. are also located in the US / EU.

Currently, Indian players are not producing many high-tech parts required for an aircraft, as they lack the necessary advanced technology to cater to the aircraft manufacturing industry, which uses the most cutting edge materials and processes. While advanced materials are used to produce parts, casting/ forging could be done in countries where technology and machinery exist such as the US and Europe. Moreover, players in these countries are approved by engine and aircraft manufacturers. These parts are then imported into India, where additional processing such as machining is carried out and passed over to the manufacturer or tier-I supplier for integration.

Global aircraft makers have been facing shortage in the casting and forging space over the past five years. A few Indian companies, such as Maini Precision Products, are capitalizing on this opportunity by localising the casting and forging value chain by getting requisite source approvals from engine and aircraft manufacturers.

The addressable market is, therefore, expected to grow manifold for a player, which shows capability in localising the casting and forging value chain. This, in turn, is expected to increase the share of India's aircraft component exports.

Growth drivers for precision engineering in Indian aircraft industry

Indian aerospace industry is growing rapidly with technological advancement in manufacturing processes and lower costs, which have attracted global aerospace majors into the country. Lower cost of manufacturing and availability of technically skilled manpower increases India's competitiveness. Leading precision component manufacturers are also making investments in advanced technology. Indian companies are now also becoming tier-I suppliers to global aircraft majors.

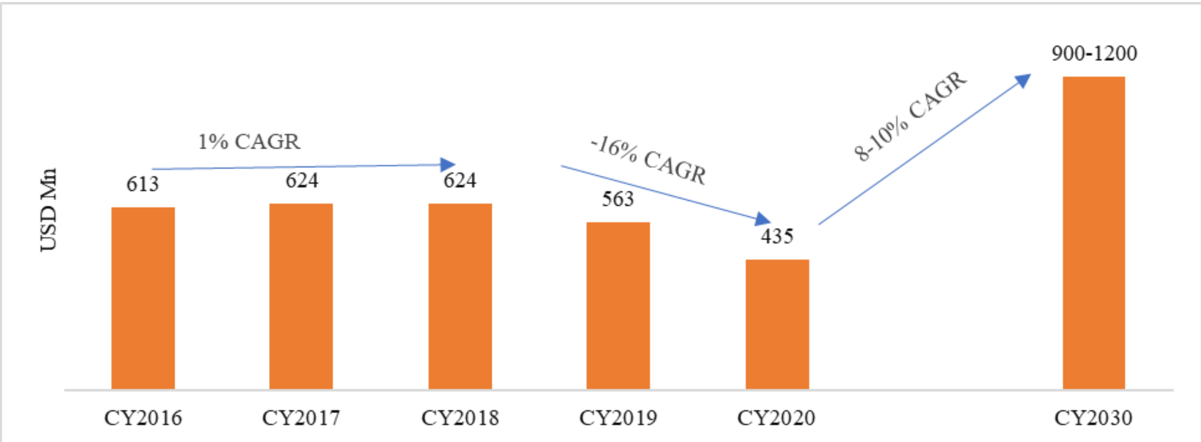
In 2020, global aircraft component exports stood at USD49.3 bn. India's share in this was less than 2%. Improvement in manufacturing prowess has helped Indian aerospace precision component manufacturing industry to attain a position so as to cater to both, domestic and global markets. Even a smaller incremental share in global precision component supply chain is expected to boost the domestic ecosystem manifold. The recent developments in the domestic aerospace industry will help boost the production of aerospace and defense components and sub-assemblies in India as global aerospace players look to increase development, design and sourcing of parts from the country.

- The government has allowed up to 100% FDI in defence; 74% is permitted in the automatic route
- 100% FDI in manufacturing and R&D in aerospace and in all areas except, air traffic services
- 100% FDI in maintenance, repair and overhaul (MRO), flight and technical training
- Companies and governments globally are looking towards a China-plus-one policy to cut their dependency on China. India could be a key beneficiary from this as companies looking to diversify their supply chains will find the country's low cost and large workforce adequate to develop technical ability
- Boeing is planning to procure components from over 200 Indian suppliers directly and indirectly through their Tier-1's that are involved in manufacture of critical systems and components, such as aero-structures, avionics mission systems, composites, forgings, wire harness, and ground support equipment, for some of its commercial and defence aircraft. Boeing is planning to double its sourcing from USD1.1 billion in 2019 to USD2.0 billion over the next five years. Tata Boeing Aerospace Ltd (TBAL) in Hyderabad has been delivering AH-64 Apache fuselages since May 2018 for Boeing customers across the world. Tata Advanced Systems Ltd (TASL) manufactures the CH-47 Chinook Crown and Tailcone Assembly, AH-64 Apache Secondary Structures, AH-64 Vertical Stabilizer and 777 Uplock Box. Boeing is also investing almost USD200 mn in what will be it's largest engineering and product development facility outside its Seattle headquarters
- Airbus is also planning to add new suppliers to its 45+ supplier base in India and looking to develop a supplier base to support its partnership with the Indian Air Force, along with Tata, for supplying transport aircraft
- Lockheed Martin has shown interest in manufacturing aircraft in India, based on the outcome of India's aircraft acquisition plans. It's center in India is investing in design and manufacture of composites for aero structures. This could boost domestic production and exports at the tier-I level as well. Their JV with Tata, named Tata Lockheed Martin Aero structures, is into manufacturing airframe structures for its products
- Safran, parent of jet engine major CFM International, is considering building a repair plant in India after a huge order from Indigo

Global demand for precision engineering in compressor blades and stator vanes

Stator vanes

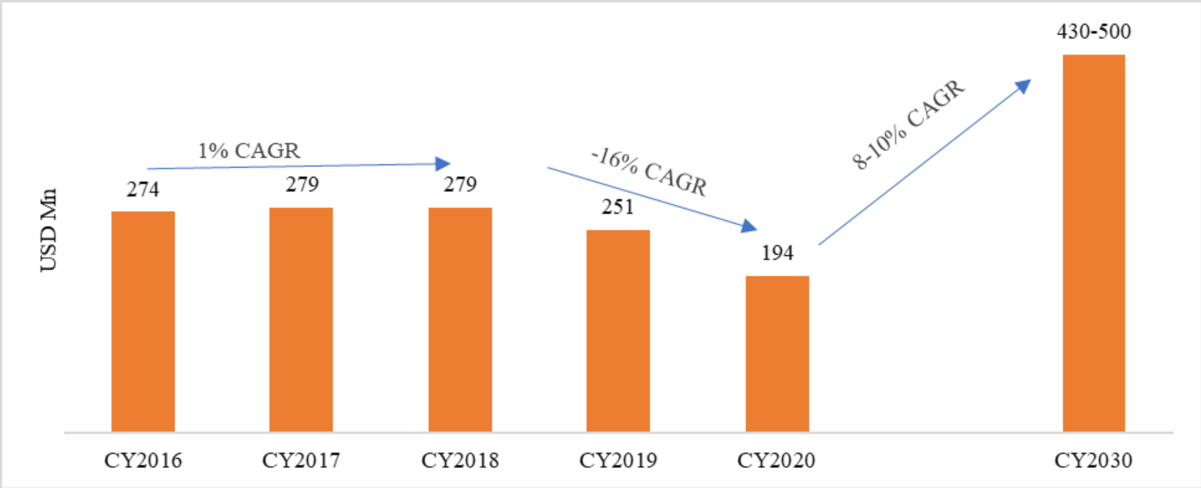
Global demand for precision engineered stator vanes (value terms)



Note: Precision engineered stator vanes demand is for commercial jets and is inclusive of raw material, cost of casting/ forging and machining.
Source: CRISIL Research

The value addition done by machining of stator vanes after it has been casted is estimated to be about USD 194 mn in 2020. It is expected to grow at a CAGR of 8-10% over the next 10 years to reach about USD 430-500 mn by 2030.

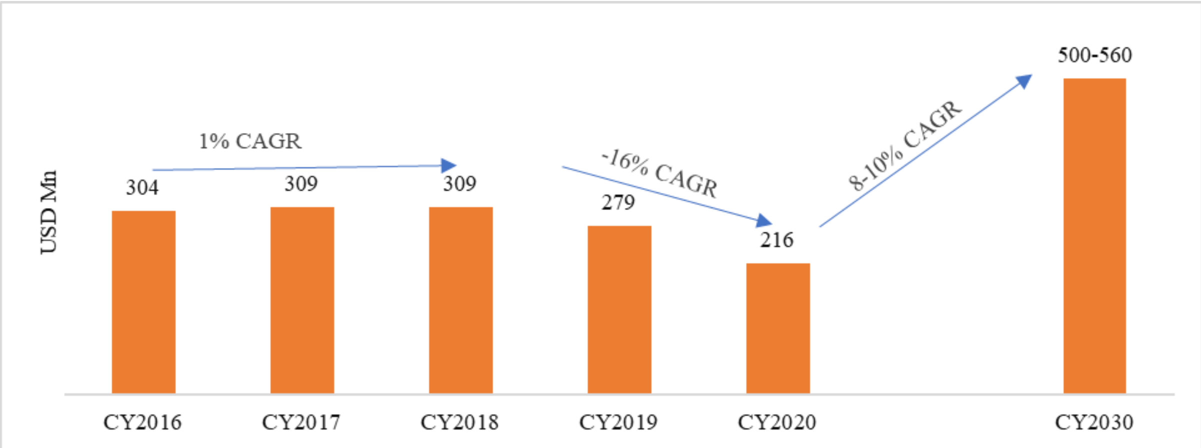
Global demand for precision engineering machining value-add in stator vanes (value terms)



Source: CRISIL Research

Compressor blades

Global demand for precision engineered compressor blades (value terms)

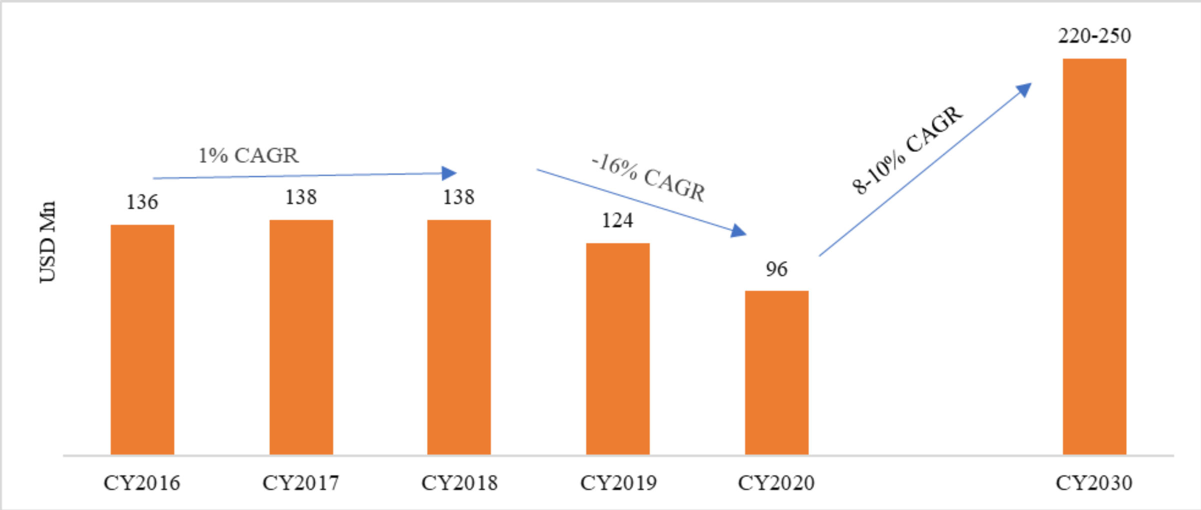


Note: Precision engineered compressor blades demand is for commercial jets and is inclusive of raw material, cost of casting/ forging and machining.
Source: CRISIL Research

The demand for compressor blades has been increasing at ~1% till CY2018. After this, there was a decline due to reduced demand for new blades owing to lower aircraft deliveries. The total market size for compressor blades is estimated at USD 216 mn in 2020. Going forward, the market for compressor blades is expected to increase at a faster 8-10% on a low base, with commercial jet deliveries picking up post the pandemic. It would likely reach USD500 – 560 mn by 2030.

The value addition by machining compressor blades is expected to be ~USD 96 mn in 2020 and increase at 8-10% CAGR over the next 10 years to reach USD 220-250 mn by 2030.

Global demand for precision engineering machining value-add in compressor blades (value terms)



Source: CRISIL Research

Global demand for precision engineering in hybrid and electric aircraft

With the rising frequency of extreme weather events, governments and private entities are facing increased pressure to rethink their business practices and eliminate or reduce environmental damage. This has prompted governments to place strict effluent caps by way of regulations or incentives, as seen in the case of electric vehicles.

The airline industry emits ~2% of the carbon dioxide (CO2) emissions emanating from humans. In line with the global push towards greener technologies, the aviation industry is also looking at alternative powertrains, lighter materials and more efficient methods to reduce CO2 emissions. Even general aviation aircraft, which include small two-seater piston airplanes, are under scrutiny.

Aeronautics majors such as Boeing, Airbus, Safran, Bell, Rolls-Royce and Honeywell International, and new entrants / startups such as Lilium, Bye Aerospace, VOLTAERO, Zunum Aero, and Electric Aircraft Corporation are making efforts to tackle this issue.

Aircraft in which increasing amounts of electric power is used could be classified into:

- Pure electric
- Hybrid-electric with a turbine / piston engine for power generation
- More electric aircraft (MEA), which are commercial airplanes with electric motors replacing certain auxilary power requirements

While the MEA do not use electric power for propulsion, others are electric motor-driven propeller airplanes or rotorcraft (helicopter / multicopter) with vertical take-off and landing (VTOL) and hover capabilities. While airplanes are faster, they require runways while rotorcraft are slower but can service areas airplanes cannot reach. These are ideally suited to land on top of buildings with a helipad and are more likely to find use as urban air-taxis.

Penetration of electric motors on commercial airplanes will be a gradual process since existing systems will need to be replaced with electric systems. Moreover, changes to already certified and flying airplanes would happen as and when newer, upgraded models appear. Since the commercial airplane market is a duopoly, with the two players commanding ~85% of the market, the increase in MEA will depend on the steps taken by these players.

The propensity of an electric / hybrid aircraft shift is higher in the general aviation segment where smaller and cheaper airplanes are more common compared with the commercial segment. Since there are multiple players in this segment, the presence of an attractive option in terms of performance and price could lead to a significant shift towards the electric / hybrid market.

Categories of hybrid and electric aircraft in development

Source: International Civil Aviation Organisation (ICAO), CRISIL Research

Although the International Civil Aviation Organisation (ICAO) is yet to finalise these categories officially, it has categorised hybrid and electric aircraft as having the following characteristics:

- General aviation/recreational aircraft group: comprises aircraft with maximum take-off weight (MTOW) from 300-1,000 kg. These are mostly electric-powered aircraft with a two-seater capacity. The category includes aircraft which are already produced and certified
- Aircraft under the business and regional aircraft category: longer flight range close to 1,000 km with increased seat capacity (~10)
- Large commercial aircraft category: includes initiatives focused on hybrid-electric, single-aisle aircraft with seat capacities of 100-135 and targeted entry into service after 2030
- VTOL aircraft: with one to five seat capacities, MTOWs of 450-2,200 kg and a projected flight range of 16-300 km. These aircraft projects are mostly electric-powered and aim to enter service in 2020-25

Personal air mobility in the form of muticopter VTOL aircraft for urban transport is gaining a lot of attention from startups as well as incumbent aircraft majors. Silent / low noise electric aircraft or hybrids where more power or range is desired are being targeted for this application in the near future, while hydrogen could be a viable option in the long term.

Whichever technology is finally adopted, all these efforts are to do with electic motors. While electric motors are a well-developed technology, battery power densities are a bottleneck for pure electric aircraft. Hence, these efforts will largely cater to the mid and lower end of the below-200-seater, medium-range commercial and general aviation aircraft.

Currently, no technology is sufficiently advanced to replace gas turbine-powered long-distance aircraft due to the sheer power required to lift larger weights and fuel over long distances. However, efforts are being made to switch more electric power-driven equipment and reduce the fuel burnt to power non-propulsion-driven elements in MEA. This further enhances the prospects of aircraft electric systems.

While many such electric and hybrid aircraft have been in the development and testing phase for at least a decade, only a few are commercially available so far. However, government regulations, carbon footprint impact assessments, pollution taxes, and increasing awareness of ESG (environment, social and governance) and ESG investing will drive future technological developments and availability of such aircraft.

Electric planes / gliders are already commercially available in the market. Most are one-, two- and four-seaters whose range and power is limited compared with their fossil fuel counterparts. However, for certain applications such as recreational flying and pilot training, where short flights and limited load capacity is required, companies such as Electraflyer and Pipstrel have seen good demand traction. As more progress is made with electronics and batteries, newer larger aircrafts may be developed. For example, Bye Aerospace, another fully electric aircraft manufacturer, announced an eight-seat twin propeller airplane in April 2021. However, many other manufacturers are targeting the 2022-25 period for their launches, post which, electric and hybrid aircraft demand could exponentially increase. Development of solid state batteries and alternate chemistries with higher densities could help cater to more demanding requirements as well.

This is a positive for companies which already have such products. As with other aircraft parts and sub-assemblies, the focus on safety, reliability and efficiency is very high for electric aircraft as well. The components required for the electric and hybrid aircraft also need to be of very high quality and have to be built with redundancies and sufficient backup for safety. They also have to include high quality wiring and electronic components for control and power delivery to get the maximum range possible. These systems have to be purposefully designed for the task; assembling with off-the-shelf parts will generally not make the cut for the highly demanding task. Hence, companies with specifically developed products will benefit when the market picks up.

For example, Siemens eAircaft, which is now part of Rolls-Royce, have been used by Diamond Aircraft's diesel-electric hybrid, Airbus CityAirbus for testing and commercially available Bye Aerospace eFlyer2 and eFlyer4 which, manufacturer claims an order backlog of over 700 aircraft. Safran, which in a joint venture with GE, is the largest turbofan engine maker for commercial jets has already developed electric motors and electronics for the electric aircraft segment. It has seen its products employed in multiple testing and under-development products, such as VoltAero Cassio, Airbus EcoPulse and Bye Aerospace eFlyer 800. Airflow, another player in the hybrid aircraft segment, has said its order book has tripled with interest from many commercial operators for its hybrid electric aircraft which is still four years from entering the market. These developments indicate high interest in the product segment from potential customers.

Key monitorables for hybrid and electric aircrafts

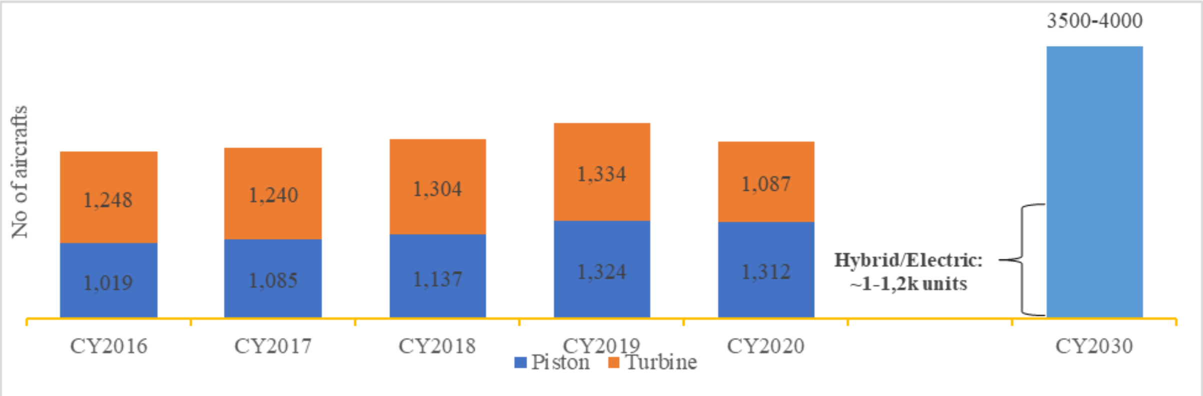
While most of these applications could potentially shift to electric/hybrid aircraft, there are a few major factors which will determine the pace of shift:

- Almost all manufacturers claim the cost of operating an electric / hybrid aircraft is lower. However, the total cost of ownership also needs to be looked at since battery replacements for battery-operated aircraft and maintenance of dual powertrains in hybrid aircraft could add up over the plane's lifetime. This will depend on the design and implementation of the powertrain which can be ascertained once these aircrafts are in the market.
- Piston aircraft allow immediate refueling and continuation of flight which is available with hybrid aircraft as well. However, electric aircraft do not offer this facility. Downtimes during recharging mean these aircrafts are best suited for applications where the aircraft can remain on the ground for a sufficient period to recharge.
- Availability of a sufficient range of options as currently there are only a limited number of models. With only a few manufacturers supply of electric/hybrid aircraft can be a bottleneck.
- From a regulatory and safety point of view, approvals required for urban air operations and sufficient testing and reliability of VTOL, which use unique designs, could take time and delay the introduction of such aircraft

Market potential of hybrid and electric aircraft

In terms of sales, the share of piston aircraft in sales has been hovering around the 50% mark in the past five years. This will be the primary market for the electric / hybrid segment since some turbine aircraft performance characteristics are beyond the reach of propeller-driven electric aircraft.

General aviation aircraft deliveries



Note: GA: General Aviation
Source: GAMA, CRISIL Research

About two-thirds of the general aviation aircraft sales are in the US where, based on an FAA survey of applications of general aviation aircraft, 75% of piston aircraft are used in the personal / recreational segment. Some 10% are in the instructional (pilot training) application while other applications such as aerial observation, airtaxis, medical, and sightseeing account for ~7%. The applications with shorter-range requirements are ideally suited for electric aircraft applications.

One area where fully electric aircraft have an advantage is in the urban air taxi segment. This segment is yet to take off as aircrafts with a conventional engine are not able to cater to the requirements of the segment in terms of safety / noise. Smaller multicopter electric aircraft can be silent, thus suitable for urban use, and their shorter range does not handicap them for this purpose. Pricing will be the key determinant of success after safety considerations are met.

CRISIL Research estimates provided commercial launches and certification happen according to plan and manufacturers are able to keep adding supply, about 30% of general aviation, or 1000-1200 aircraft sales, can be electric/hybrid aircraft by 2030. Although the market is expected to shift to hybrid electric aircraft, the precision engineered component opportunity would also exist in electric/hybrid aircraft in addition to jet aircraft.

Global demand for precision engineering for mirror structures in the TMT project

Telescopes are used to see distant objects; in this case, the telescope is used for astronomy. It is an optical telescope which works with visible light to view distant objects in space.

Artist's representation of a 30 meter telescope

Source: TMT Observatory Corporation

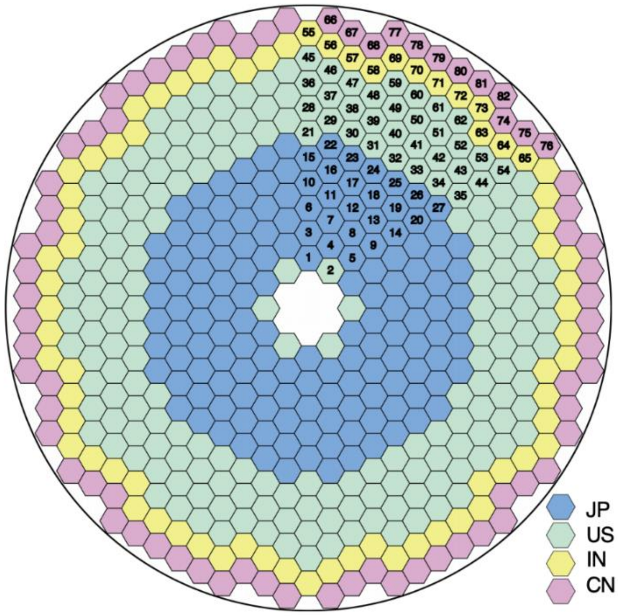
The Thirty Meter Telescope (TMT) is in the class of extremely large telescopes which are classified as telescopes with an aperture of more than 20m. Thirty Meter Telescope is the largest visible-light telescope in the world. Upon completion it will be the second largest telescope in the world and one of only three extremely large telescopes, all of which are under construction. The TMT International Observatory LLC (TIO) was established as a non-profit organisation in May 2014 to carry out the construction and operation phases of the TMT Project. India has a major role in the TMT project though the Department of Science and Technology of India, which is a member of the TMT International Observatory. Many Indian companies are also playing a major part in the construction of the telescope's systems and parts.

Due to its location at over 4,000 m above sea level, it is located over 40% of the Earth's atmosphere in a clean, stable, dry and cold climate where it can get a clear view of the sky. Since producing mirrors larger than 8.4 m is difficult, large telescopes have multiple small mirror segments to create one large mirror. The telescope has 492 mirror segments which will give it a total collection area of 655 sq.m, with a resolution 12 times sharper than that of Hubble Space Telescope.

India's role in the TMT project

The TMT project is expected to cost USD1.4-1.5bn at the upper end due to cost overrun due to delays. India, as a full member, has decided to shoulder 10% of the cost which will give Indian scientists access to the observatory for about 30 days a year. India will provide 70% of the support in kind, that is design and fabrication of critical components for operation of the telescope. The Department of Science and Technology and Department of Atomic Energy will jointly fund the project and also manage the selection of companies to produce required systems for the telescope.

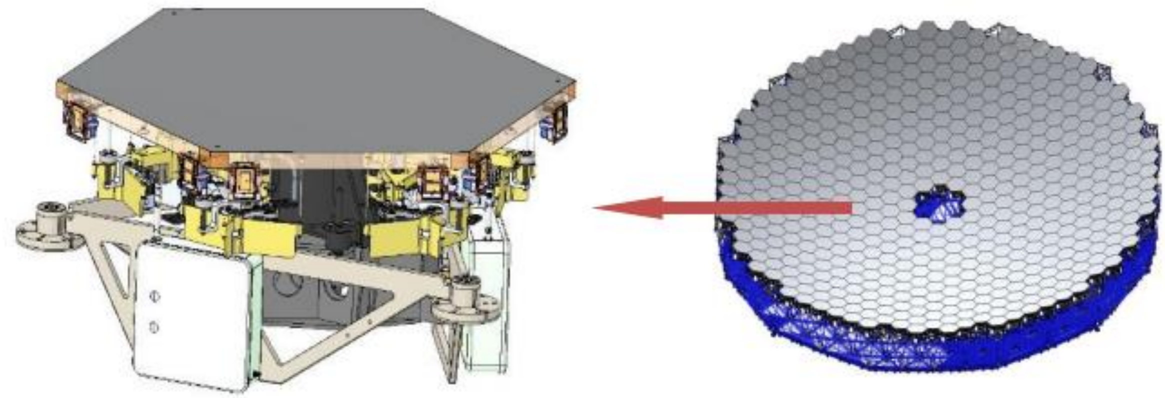
Distribution of mirror segments across members



Note: JP: Japan, US: United States of America, IN: India, CN: China
Source: TMT Project

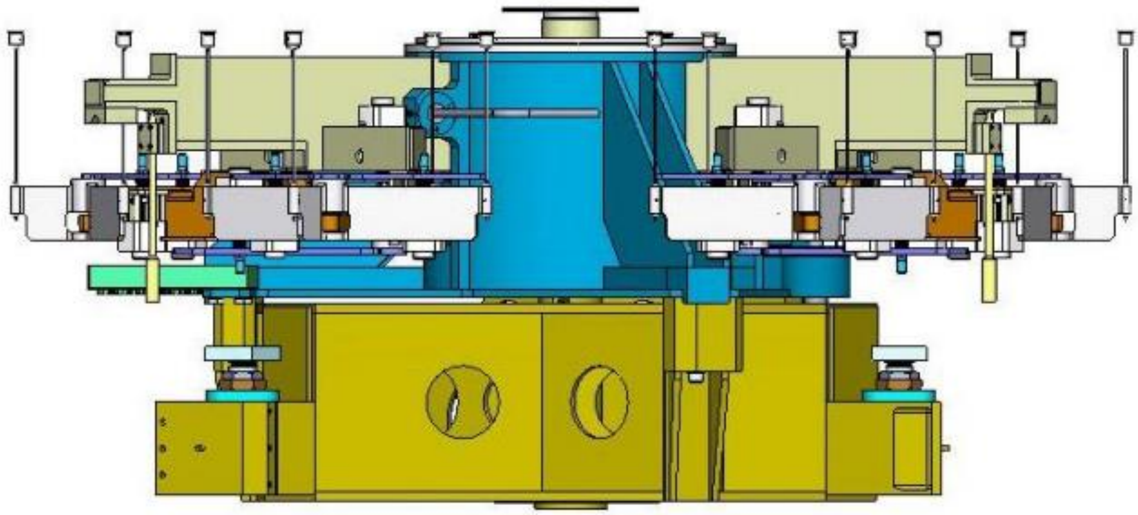
India's scope of work for the telescope will be to produce 86 of the 574 mirrors segments (including 82 spare mirror segments), the complete primary mirror support system consisting of 492 segment supports (SSA), and M1 control systems, which will include actuators and edge sensors, and, finally, the Telescope Common Software.

Primary mirror assembly



Source: Department of Atomic Energy

Segment support assembly



Source: Department of Atomic Energy

Many of the technologies for the telescope are very cutting-edge and have to be developed indigenously or transferred from other countries. This makes the telescope development work beneficial to the country providing access to new technology. Experience in a large leading scientific project will also add to the credentials of the domestic industry and serve to demonstrate its technical ability.

The experience gained in developing the telescope will benefit India's scientists and companies to work on more such projects. This experience can also help in the construction of the planned National Large Optical Telescope (NLOT), which is likely to be located in Hanle, Ladakh.

Current status:

There have been multiple protests at the preferred site, i.e., Mauna Kea, Hawaii. Locals, who consider the land a sacred place, have been trying to prevent construction of the telescope. Construction had stopped post the protests which led to permit cancellations. While the Supreme Court of Hawaii has approved the resumption of construction on October 30, 2018, the construction is yet to begin. Efforts to restart construction in mid-2019 stalled and were further delayed by the pandemic. As per the terms for the construction of TMT, five older telescopes at the site will have to be removed; this process has been initiated. Meanwhile, sub-assemblies of the telescope and mirror are being produced at various supplier factories. As per the TMT project manager, ~ 82% of the design and fabrication process has been completed.

While the construction of the telescope is expected to re-start soon, the TMT project has also been simultaneously working on a 'Plan B' alternative location, i.e., La Palma, Canary Islands, in Spain. It has been undertaking the required ground work, such as getting environmental clearances, building permits, etc., all of which has been completed. In case the construction of the telescope at Mauna Kea cannot proceed, then it will be shifted to the other location.

Demand for precision components in mirror assembly

India's in-kind support is estimated to be worth ~Rs 700 crore, which includes, mirror production, software, and electro-mechanical systems. Within this, the demand for precision engineered components in electro mechanical systems of the segment support assembly is expected to be ~Rs 200 crore.

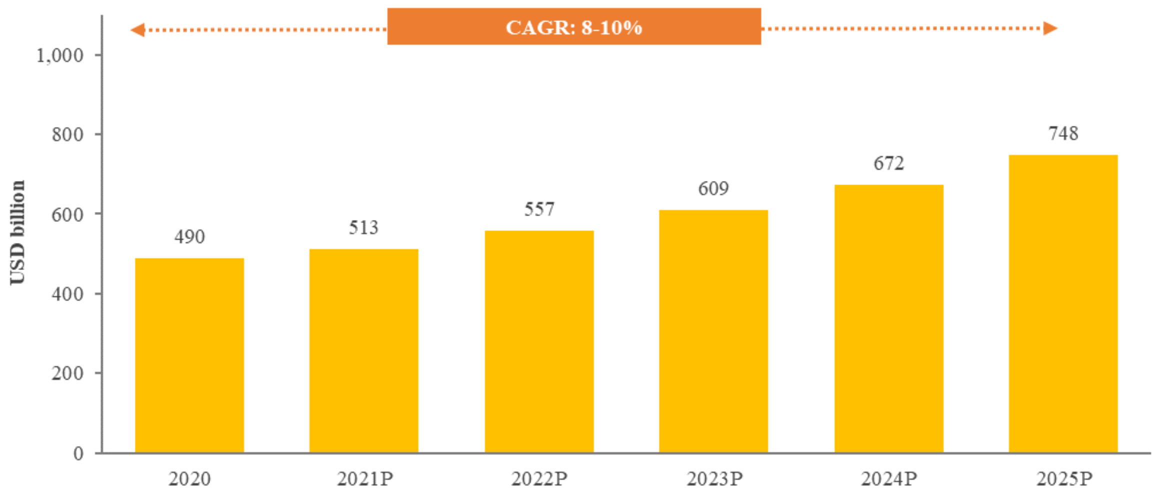
Global demand potential for automotive machined components

Overview

Review and Outlook (2020 – 2025P)

Global machined components for passenger vehicle (PV) and medium and heavy commercial vehicle (MHCV) are estimated to be USD 490 bn in 2020. It is expected to grow at a CAGR of 8-10% between 2020 and 2025. Growth will be driven from developing nations such as Asia, Latin American countries, etc. Other drivers include raw material prices, advancement in technology, light weighting of the component, etc.

PV and MHCV machined component outlook (USD billion), 2020-2025P



Note: Machined component market is inclusive of cost of raw material, casting, forging and machining value add
P: Projected
Source: CRISIL Research

As the revenue generated in the automotive industry is expanding owing to the shared mobility, connectivity services, and feature upgrades, and new business models, it has resulted in fueling the growth of the market segment.

Global PV production is expected to grow at a CAGR of 7-9% between 2020 and 2025, whereas global MHCV production is expected to clock a growth of 10-12% for the same period. However, electrification (purely electric) to reach globally in PV, CV segment to 13-15% and 4-6% respectively by CY 2025. 12 million of PVs and 1.8 million of CVs are expected to be electrified (excluding hybrid) by 2025. Though proportion of electric in global sales is expected to rise, total volume of ICE PV (plus hybrid) is still expected to expand from ~53 million in 2020 to ~69 million in 2025 and of ICE (plus hybrid) is expected to expand from ~21 million in 2020 to ~34 million in 2025.

Electrification is however expected to impact demand for machined components such as engine components, fuel injection system, gearbox, etc. Opportunity for machining components in 57 million of PVs and ~32 million in CVs is however expected to stay intact.

As a result, the demand for machined components in PV and CV is expected to growth by 8-10% CAGR between 2020 and 2025 from USD 490 million in 2020 to USD 748 million in 2025, where industry of machined component for PV is expected to reach USD 566 million in 2025 from USD 375 million in 2020 and that of CV is expected to reach USD 183 million in 2025 from USD 115 million in 2020..

Global demand potential for Gasoline Direct Injection (GDI) pump body

Overview of GDI technology

Global climate changes have brought automobiles under sharp scrutiny as automobiles have been identified as one of the major factors contributing to air pollution and Greenhouse Gas (GHG) emissions. As a result regulatory and automobile industry has been focusing on reducing vehicular emission concurrently working on improvement in fuel consumptions.

Bringing technological advancement in fuel injection systems has been one of the major technological interventions that OEMs have undertaken to address these goals. Fuel efficiency and vehicular emissions are dependent on how effectively fuel is injected into the cylinders of an engine. Atomisation, air mixing, timing, pressure of fuel injection are critical for effective burning of fuel. Fuel injection systems manage these functions helping OEMs manage fuel efficiency and vehicular emissions.

From carburettors to direct injection technology, fuel injection technology has seen significant developments over last 2 decades. Electronic fuel injection technologies such as single port fuel injection (SPFI), multi-port fuel injection (MPFI) and direct fuel injection technologies have been developed replacing traditional carburettor-based systems over the years.

Gasoline Direct Injection is a type of fuel injection technology for gasoline engine. Gasoline direct injection technology injects air-fuel mixture directly in the combustion chamber as against injection into inlet manifold in case of MPFI or SPFI. GDI fuel injection technology offers several advantages like better fuel economy, better engine performance, and better power delivery as compared to other fuel injection technologies. This is achieved through the higher compression ratio associated with charge cooling and the precise control over the amount and timing of the fuel injected. GDI technology is used since it helps in increasing fuel efficiency and generates high power output. Hence, emission levels can be controlled more accurately using this technology.

Engines with GDI technology however suffer from hotter engine operating temperatures and intake valve carbon build-up.

Few OEMs are also moving towards dual technology, where GDI and FPI technology are both used.

A GDI fuel injection system consists of GDI pump, fuel rails, fuel injectors and fuel filters.

Image of GDI pump

GDI pump is found near the engine bay and supply accurate amounts of fuel straight to the combustion chamber. Fuel is injected at a high pressure; hence the high strength material is used for manufacturing the fuel pump.

Review and Outlook (2020 – 2025P)

CRISIL Research estimates demand for GDI technology at 17-18 million units in 2020 accounting for ~41% share in gasoline powertrain. In developed countries, most of the leading manufacturers have opted for GDI fuel injection technology. In major developed markets GDI technology penetration is estimated to have reached 50-65% in 2020. However, GDI penetration in developing economies is still low mainly due to high cost associated with this engine technology.

In India, penetration of GDI is estimated to be ~3% as on 2020. Penetration of GDI in India is expected to increase and reach 20% by fiscal 2026.GDI pumps are currently imported in India wherein the GDI pump assembly takes place outside India. The technology and manufacturing process for critical precision engineered components typically flows from tier I component manufacturers from Europe and USA. An Indian precision component manufacturer with focus on exports therefore tend to have a competitive advantage over precision engineering component manufacturers with domestic focus in terms of understanding of technology and adaptability to stringent quality requirements.

Growth drivers for GDI fuel injection technology

Global passenger vehicle industry is expected to grow at a CAGR of 7-9% from 2020 till 2025, mainly due to economic revival, across nations after seeing a hit in 2020 due to pandemic. Expected increase in personal consumption and current low penetration of the passenger vehicle in developing nations will aid this growth.

Global powertrain preference is expected to continue its shift from diesel to alternate powertrain such as gasoline, CNG, hybrid and electric as several cities in Europe have banned entry of diesel vehicles. Rising electrification is expected to limit gain in share for gasoline powertrain. Globally, CRISIL Research expects the fully electric penetration in PVs to be 13-15% as on 2025. In the total PV production, the share of gasoline (inclusive of hybrid) is expected to decline from 76% in 2020 to 70% in 2025. Yet gasoline powered (inclusive of hybrid) PV production is expected to grow at a CAGR of 5-7% from 42 million in 2020 to 57 million in 2025.

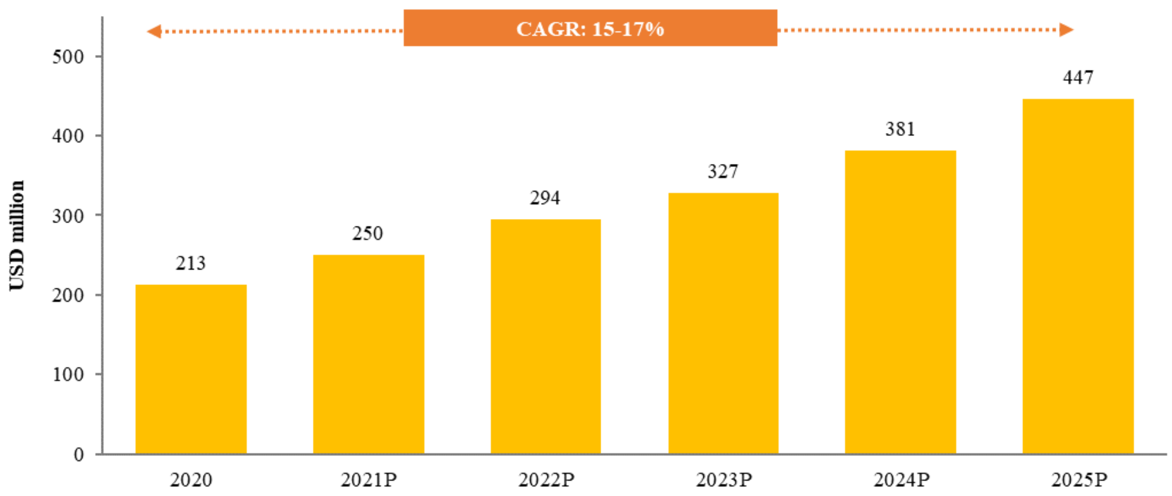
Demand for GDI fuel technology will be driven by shift in preference from PFI towards GDI or combination of GDI + PFI technology in addition to increased demand for gasoline (inclusive of hybrid) powered passenger vehicles. Global GDI technology penetration is expected to increase to 63% by 2025 from 41% in 2020. Demand for GDI fuel systems is expected to increase from 17-18 million units in 2020 to 34-35 million units in 2025 with 14-16% CAGR. Penetration of GDI in developed countries is expected to increase to >95% levels by 2025.

Demand for precision engineering components: GDI pump body and sleeve

GDI pump body is a precision engineered component with stringent diametrical, straightness, roundness, cylindricity surface finish requirements. Pump body, sleeve, pump piston, inlet valve is the major precision engineered components in GDI pumps. High pressure operation of GDI pumps makes precision engineering critical for these components.

Various grades of stainless steel are used to manufacture a GDI pump components. Fluctuations in raw material price will impact the price of the pump body. Price is a function of the engine size, engine performance, fuel injection pressure, etc.

Global outlook on GDI pump body and sleeve used for passenger vehicle (USD million), 2020-2025P



NOTE: P - Projected
SOURCE: OICA.net, CRISIL Research

The global demand for GDI pump body and sleeve is estimated to be USD 213 million as on 2020. It is expected to register a growth of 15-17% CAGR between 2020 and 2025 and reach a market size of USD 447 million. Higher adoption of GDI technology across the regions will drive the growth of GDI fuel injection technology and hence of GDI pump body.

Maini Precision Products is estimated to have ~3-4% share in global GDI pump body market in 2018, 2019 in volume terms. Maini Precision Products' share is however estimated to have dropped to ~2% in 2020 on account of pandemic related slump in the demand.

India demand potential for E-axles in 3W and LCV segment

An e-axle is a one of the most critical component assembly in a battery electric (BEV) or hybrid electric vehicles (HEV). An E- axle integrates electric motor, power inverter, transmission, differential gears and axle structure into a compact design. An integrated design helps vehicle manufacturers overcome complexity of e-drive, improve powertrain efficiency and achieve cost efficiency.

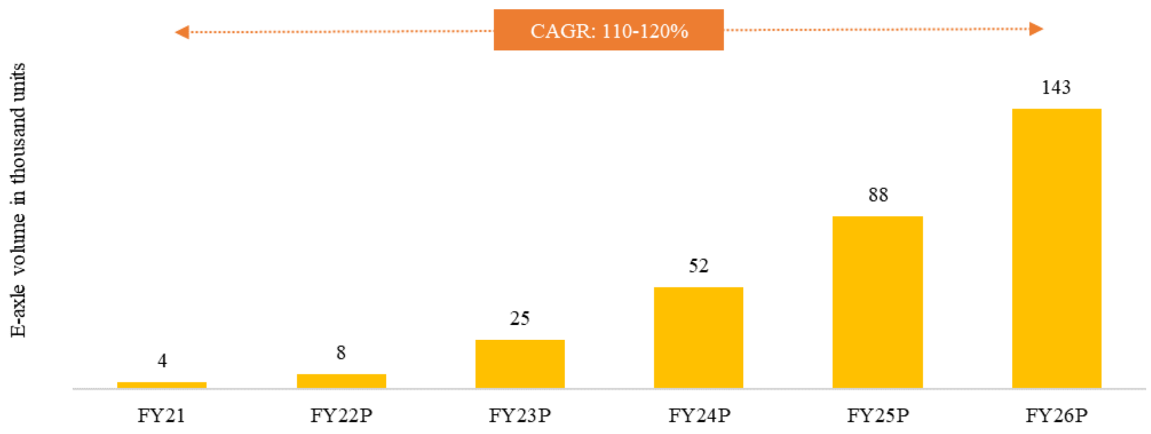
An e-axles can be installed in the rear or front of the vehicle. When powered by a battery pack, power electronics in the e-axle converts direct current into alternate current which is fed into the electric motor. Electric motor performs the function of converting electrical energy into mechanical energy generating rotating torque to drive transmission which then powers wheels.

E-axles can be configured deliver 2 to 300 kw of Peak Power output and torque of 20- 6000 Newton meters. As a result e-axle are deployed in the entire range of automobile spectrum including three wheelers, cars, utility vehicles, light commercial vehicles and heavy commercial vehicles.

Owing to complexity in EV technology, OEMs are focusing on modular and scalable EV architectures. As a result OEMs have shown growing preference towards sourcing e-axles over sourcing individual components from suppliers.

E-axles have seen continued advancement in terms of reduced size and weight, lower NVH levels and increased system efficiency.

Volume demand for e-axles for 3W and LCV in India



Source: SIAM, Vahan, CRISIL Research

Demand for e-axles is expected to grow exponentially from ~4 thousand units in fiscal 2021 to 201 thousand units in fiscal 2026 driven by rapid pick up in electrification across 3W passenger auto and cargo applications and cargo application in LCV segment. In fiscal 2021, 3W accounted >99% of e-axle demand. By fiscal 2026 share of 3W in overall e-axle demand is expected to ~74% and remaining ~26% contributed by LCVs in volume terms.

3W e-axle demand will be driven by launch of new models by established OEM brands such as Mahindra Electric, Piaggio and TVS Motors. LCV e-axles demand will be driven by new model launches by existing players like Mahindra Electric, E-trio and also with entry of other mainstream players such as Tata Motors, Ashok Leyland in future.

In addition, below factors are expected to support rising electrification and therefore demand for e-axles.

- The government, taking cognisance of high pollution levels in the cities and a phenomenal surge in oil imports, has taken a few policy initiatives to move towards electric mobility. The country is now a signatory to the Paris Agreement and part of the Electric Vehicle Initiative 30@30 campaign. Government of India is allocated incentive for 500,000 electric 3W till fiscal 2024.

- Convergence Energy Services Ltd (CESL), a wholly owned subsidiary of Energy Efficiency Services Ltd, has also issued a tender for the procurement of 1,00,000 electric three-wheelers under different use-cases - including, garbage disposal, freight loaders, food and vaccine transport and passenger autos. Vehicles procured by CESL will be available on lease for end users.

- Factors such as increase in population, urbanisation and various city improvement plans is expected to support 3W auto demand in India

- At 40,000 km annual running electric 3W auto TCO is already 15% and 38% lower than CNG and diesel 3W autos in fiscal 2021. By fiscal 2026 electric 3W TCO is projected to be 22% and 42% lower than CNG and diesel 3W autos. Even in case electric 3W cargo TCO is projected to be 25% and 47% lower than CNG and diesel 3W cargo.

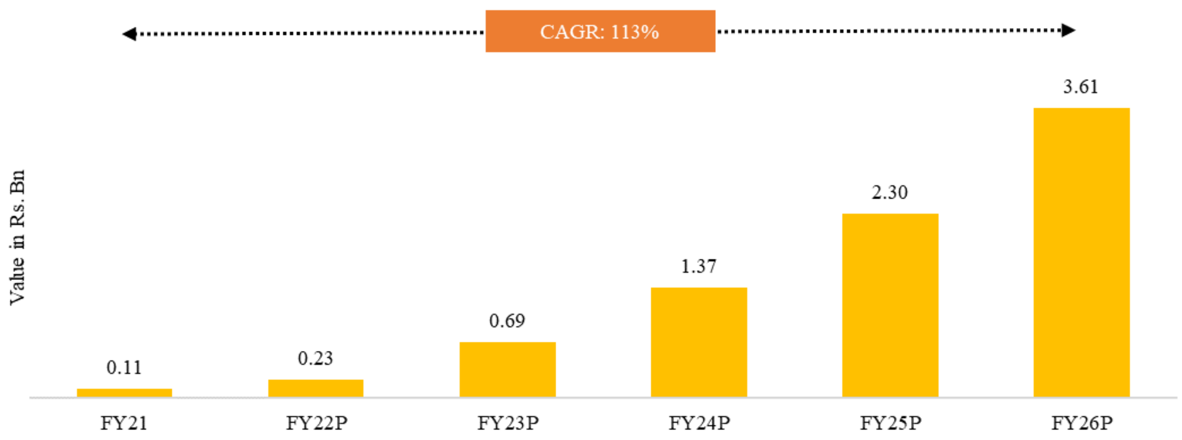
- Government demand incentives, state EV incentives and push by e-commerce sector for last mile delivery operations is expected to drive penetration for electric 3Ws. In addition, assuming FAME subsidies until fiscal 2026 EV penetration is expected to reach ~20% in fiscal 2026 from ~2% in fiscal 2021.

- In case of LCVs higher cost of acquisition compared to CNG and diesel is expected to be a challenge for electrification even in fiscal 2026. As per CRISIL Research's assessment, electric LCVs are expected to break even with diesel and CNG in 12th and 15th years of operations. Yet government's strong focus on driving electrification, intra city movement is expected to result in traction for electric LCVs, as a result electric LCV penetration is expected to reach 6-7% by fiscal 2026

- Battery swapping is seen as a potential solution to drive and accelerate EV adoption in India. Battery swapping concept offers four major benefits which in turn help in addressing EV adoption concerns. Battery swapping reduces cost of acquisition for buyers, reduces, drastically reduces refuelling (charging) time and assuage customer concerns around life of a battery or need for replacement of a battery. Several states are also supporting battery swapping by offering subsidies for capital investment in battery swapping stations. Success of battery swapping also depends on standardization of battery specifications by a central/nodal authority and along with commitment of substantial investments by swapping infrastructure providers for establishment of a dense network of swapping stations across parts of India. Also, financier community needs to be provided complete awareness about the same to facilitate vehicle financing. Battery stations are also likely to face viability challenges due to lower existing penetration of EVs in India. However battery swapping can be major catalyst for driving EV adoption if the concept gathers momentum in India. In that case EV penetration in 3W and LCV could be higher than ~20% and 6-7% by fiscal 2026 respectively.

- Rising electrification is expected to result in demand for e-axles to grow by 110-120% CAGR till fiscal 2026 on a very miniscule base of fiscal 2021.

Value demand for e-axles for 3W and LCV in India



Source: SIAM, SMEV, CRISIL Research

Demand for e-axles is expected to grow exponentially from Rs 0.1 billion in fiscal 2021 to Rs 3.6 billion in fiscal 2026 in line with the pick-up in volumes. 3W accounted >99% of e-axle demand. By fiscal 2026 share of 3W in overall e-axle demand is expected to ~69% and remaining ~31% contributed by LCVs in value terms.

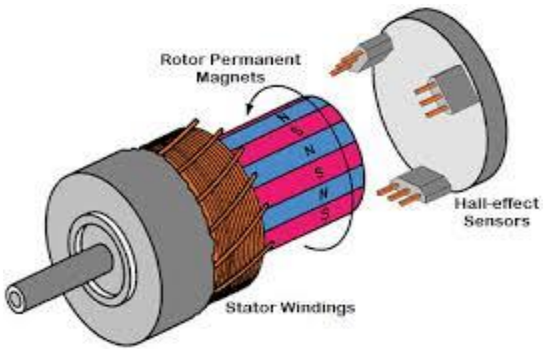
India demand potential for traction motors in 2W, 3W and LCV segment

Traction motors convert electrical energy into mechanical energy. BLDC is one such type of electric motor.

Primarily in India, two types of electric motors are used in electric two & three wheelers:

a. BLDC motors

b. PMSM (Permanent magnet synchronous motion) motors



There are two basic types of BLDC motors

a. Out runner, where stator is fixed and outside, and the inner rotor rotates and provides motion

b. In runner, where stator is fixed and inside, and the outer rotor rotates attached with the wheel and provides motion

Standard out runner type BLDC motor consist of:

a. Rotor

b. Stator

c. Position or Hall sensors

In BLDC, permanent magnets are attached to the rotor. Depending on the application, the number of poles can vary between two to eight with north and south poles being placed alternately.

Stator is made of stacked steel laminations with axially cut slots for winding. Generally, most BLDC motors consist of three stator windings.

Since there are no brushes in brushless DC motors, the commutation is electronically controlled. In order to rotate the motor, windings of the stator must be energised in a sequence and the position of the rotor (North/South) must be known precisely to energise a particular set of windings. During operation of a BLDC motor, controller using position sensors excites pattern of windings in a particular order. Current passes through the coil; it generates a magnetic field, which attracts the rotor magnet. Immediately after the next winding is excited, and it begins attracting the rotor magnet. Rotational motion is achieved through the shaft attached with the rotor.

Construction wise PMSM is similar to BLDC motors. Major advantages of PMSM motors is that they are more compact in size, have higher power efficiency, but require a more complex motor controller. Electric two-wheeler model, which are exclusively in the performance space, may shift to this medium in the long term.

Review of traction motor industry in India

BLDC motors in use in electric two, three wheelers and light commercial vehicles can be broadly classified into three peak power ratings:

- < 3 kW
- 3 kW & < 6 kW
- 6 kW & < 10 kW
- >10 kW

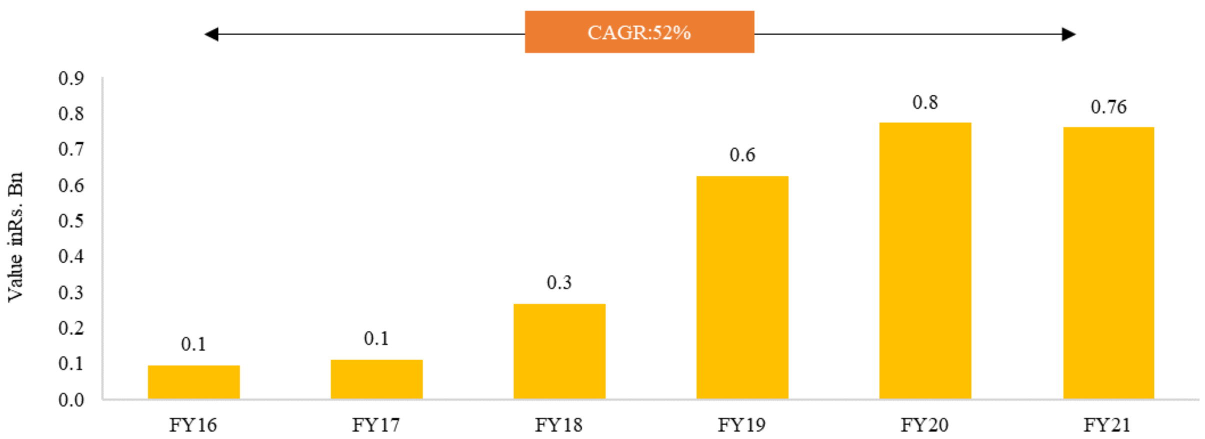
Leading players two wheeler OEMs such as Hero electric, Okinawa, Ampere have products with peak power rating in primarily in the <3 kW category. The likes of Ather, Ola, Simple Energy, Revolt have products with peak power ratings > 5 kW. In case of three wheeler, players like Mahindra Electric, Piaggio have products in < 3 kW, 3 kW & < 6 kW, 6 kW & < 10 kW in peak power rating segments.

BLDC motors form ~96-97% of traction motor market in 2W, rest contributed by PMSM motors. In case of 3Ws, BLDC motors BLDC motors form ~35% of traction motor demand rest 65% contributed by PMSM motors. In case of LCVs, PMSM is the preferred traction motor technology due to performance requirements.

Demand for 2W hub BLDC motors in India

CRISIL Research estimates the size of the hub BLDC motors market in India catering to two wheeler original equipment manufacturers (OEMs) at 135-137 thousand units in fiscal 2021 while the overall two wheeler traction motor market estimated at 143 thousand units in fiscal 2021. Drop in 2W hub BLDC market size in fiscal 2021 is due to drop in volume of 8% from fiscal 2020 whereas the overall 2W traction motor declined by on ~5% due to greater traction for high speed and high performance electric two wheelers. Traction motor market in value terms is estimated at Rs 0.45-0.50 billion in fiscal 2021. In fiscal 2021 hub BDLC motor accounted for Rs 0.390-0.43 billion accounting for ~87% of total 2W traction motor in value terms.

2W BLDC motor market in India (Rs billion), fiscal 2016- 2021



Note: E - Estimated; P – Projected
Source: SMEV, CRISIL Research

Key growth drivers for hub BLDC motors in India for electric two wheelers

- Demand for electric two wheelers is expected to grow at CAGR 74-78% over fiscal 2021-26
- Sales of high speed, high performance scooters and motorcycles is expected grow at CAGR 120-130% over fiscal 2021-26 driven by launch of high performance by leading brands at attractiveness price points
- FAME II amendments & PMP scheme
- Production Linked Incentive (PLI) scheme for automobile industry is likely to benefit export focused auto component manufacturers

Electric two-wheeler market is set to continue its exponential growth rate to reach 2.3-2.5 million units in fiscal 2026. Major reasons for the growth would be the decreasing battery prices, which would make e2W more affordable and make it cost ownership positive over equivalent ICE variant. Primary traction motor to be used would be of BLDC type because of easy construction, domestic capability.

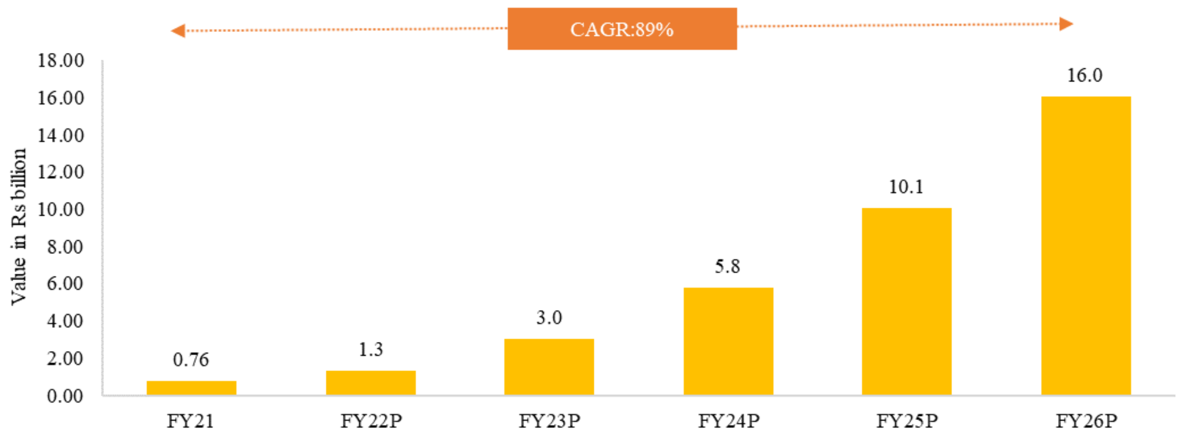
FAME II amendments and PMP scheme

FAME II demand incentives for lithium battery electric vehicles are necessary to lower the acquisition cost of electric two-wheeler. Continuation of demand subsidy is a major factor for increasing adoption. Government of India has also made amendments to clauses pertaining to qualification criterion of OEMs who can claim demand incentive. These amendments include localisation of parts, failing which FAME II linked demand incentives will not be provided to the model. Another major amendment of increasing basic custom duties on BLDC motors will also deter cheap imports. FAME II amendment and PMP scheme are likely to benefit domestic EV auto component manufacturers actively working on localising critical EV components. The policies will benefit component manufacturers to quickly achieve scale and to cater to the export markets.

Production Linked Incentive (PLI) scheme for automobile industry is likely to propel exports, thereby supporting demand for BLDC motors in India

Indian government has also allocated Rs. 259 Billion under PLI scheme to auto sector to boost automobile and auto component exports from India. Therefore, auto component manufacturers with export focus are likely to benefit from this scheme in future.

2W BLDC motor demand outlook in India (Rs billion), fiscal 2021- 2026



Note: E - Estimated; P – Projected
Source: SMEV, CRISIL Research

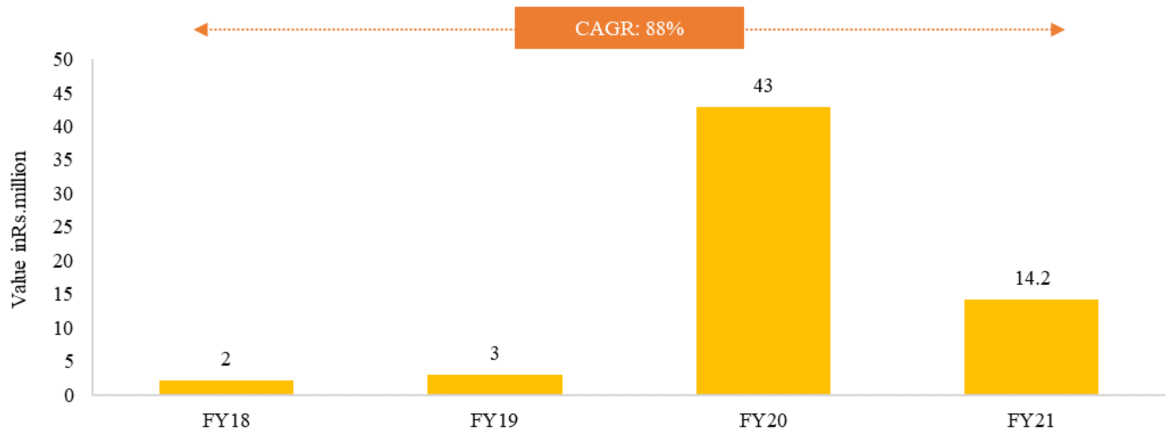
Going forward, as automobile electrification gathers pace in India, traction motors are expected to gradually replace the traditional internal combustion engines. Demand for 2W hub BLDC motor is expected to reach 1090-2000 thousand units by fiscal 2026 growing at 51% CAGR over fiscal 2021 to 2026 period. Hub BLDC motor demand is expected to be 44-46% of overall 2W traction motor demand in volume terms in fiscal 2026. In value terms the demand for hub BLDC motors is expected to reach Rs 2.7-2.9 billion by fiscal 2026 accounting for 23-25% of overall 2W traction motor demand in value terms. Rest of the demand will be contributed by mid drive and PMSM motors.

Demand for 3W mid drive BLDC motors in India

CRISIL Research estimates the size of the mid drive BLDC motors market in India catering to three wheeler original equipment manufacturers (OEMs) at 1.4-1.6 thousand units in fiscal 2021 while the overall three wheeler traction motor market estimated at ~3.9 thousand units in fiscal 2021. Pandemic related mobility restrictions resulted in steep 70% drop electric 3W sales largely led by ~80% drop in passenger 3W autos sales.

Overall three wheeler traction motor market in value terms is estimated at Rs 41-45 million in fiscal 2021. In fiscal 2021 mid drive BDLC motor market was estimated to be Rs 13-15 billion accounting for 30-35% of total 3W traction motor in value terms.

3W mid drive BLDC motor market in India (Rs million), fiscal 2018- 2021



Note: E - Estimated; P – Projected
Source: SMEV, C*RISIL Research*

Key growth drivers for hub BLDC motors in India for electric three wheelers

- Demand for electric three wheelers is expected to grow at CAGR 90-95% over fiscal 2021-26
- Electrification in passenger 3W is expected to reach ~18% by fiscal 2026 whereas in goods vehicle segment is expected to reach ~25% by fiscal 2026
- FAME II amendments & PMP scheme
- Production Linked Incentive (PLI) scheme for automobile industry is likely to benefit export focused auto component manufacturers

Electric three wheelers (e auto) is already cost of ownership positive in fiscal 2021. With recent improvements in charging infrastructure (for example: charging station in every 3x3 km radius being planned in major metro cities in accordance with their respective state electric vehicle policies); there will be further rise in adoption. Major push will also come from e-commerce application due to TCO profitability of EVs over conventional fuel and also commitments made by e-commerce companies for migrating towards e vehicles as part of their global plans to reduce carbon footprint.

- Battery swapping is seen as a potential solution to drive and accelerate EV adoption in India. Battery swapping concept offers four major benefits which in turn help in addressing EV adoption concerns. Battery swapping reduces cost of acquisition for buyers, reduces range anxiety, drastically reduces refueling (charging) time and assuage customer concerns around life of a battery or need for replacement of a battery. Several states are also supporting battery swapping by offering subsidies for capital investment in battery swapping stations. Success of battery swapping also depends on standardization of battery specifications by a central/nodal authority and along with commitment of substantial investments by swapping infrastructure providers for establishment of a dense network of swapping stations across parts of India. Also, financier community needs to be provided complete awareness about the same to facilitate vehicle financing. Battery stations are also likely to face viability challenges due to lower existing penetration of EVs in India. However battery swapping can be major catalyst for driving EV adoption if the concept gathers momentum in India. In that case EV penetration in 3W could be higher than ~20% by fiscal 2026.

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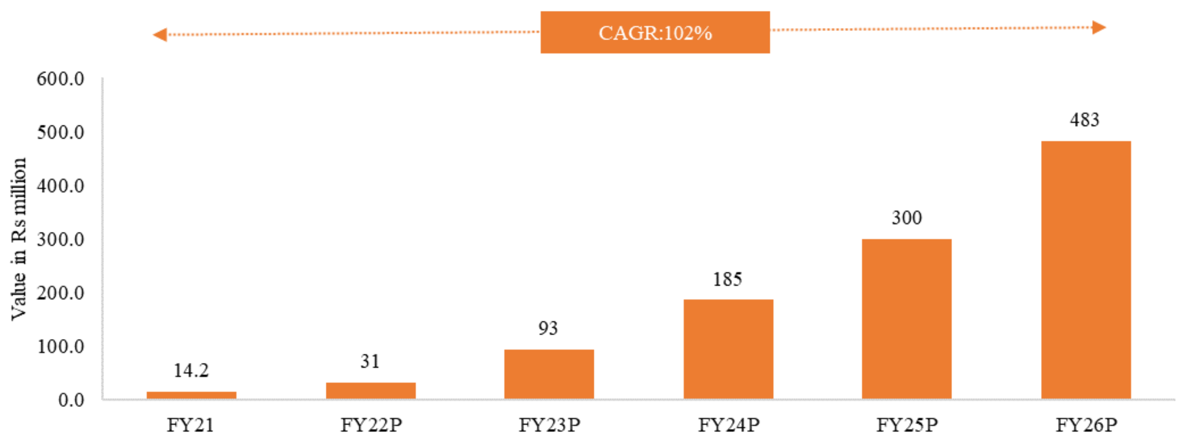
FAME II demand incentives for lithium battery electric vehicles are necessary to lower the acquisition cost of electric two-wheeler. Continuation of demand subsidy is a major factor for increasing adoption. Government of India has also made amendments to clauses pertaining to qualification criterion of OEMs who can claim demand incentive. These amendments include localisation of parts, failing which FAME II linked demand incentives will not be provided to the model. Another major amendment of increasing basic custom duties on BLDC motors will also deter cheap imports. FAME II amendment and PMP scheme are likely to benefit domestic EV auto component manufacturers actively working on localising critical EV components. The policies will benefit component manufacturers to quickly achieve scale and to cater to the export markets.

Production Linked Incentive (PLI) scheme for automobile industry is likely to propel exports, thereby supporting demand for BLDC motors in India

Indian government has also allocated Rs. 259 Billion under PLI scheme to auto sector to boost automobile and auto component exports from India. Therefore, auto component manufacturers with export focus are likely to benefit from this scheme in future.

3W mid drive BLDC motor demand outlook in India (Rs million), fiscal 2021- 2026



Note: E - Estimated; P – Projected
Source: SMEV, CRISIL Research

Going forward, as automobile electrification gathers pace in India, traction motors are expected to gradually replace the traditional internal combustion engines. Demand for 3W mid drive BLDC motor is expected to reach 62-64 thousand units by fiscal 2026 growing at ~100-105% CAGR over fiscal 2021 to 2026 period. Mid drive BLDC motor demand is expected to be ~60% of overall 3W traction motor demand in volume terms in fiscal 2026. In value terms the demand for 3W mid drive BLDC motors is expected to reach Rs 460-505 million by fiscal 2026 accounting for ~55% of overall 3W traction motor demand in value terms. Rest of the demand will be contributed by PMSM motors.

Demand for LCV mid drive BLDC motors in India

The market for electric LCV was very negligible in fiscal 2021 due to lack of economic viability for EV against CNG and diesel LCV and high cost of acquisition. As a result there were no electric vehicle models comparable to Tata Ace or Maruti Suzuki Super Carry available in the market. Mahindra e-supro cargo van has been the only market with limited traction in the market.

Key growth drivers for mid drive BLDC motors in India for electric LCVs

- Demand for electric three wheelers is expected to grow to 37 thousand units by fiscal 2026
- Electrification in LCV is expected to reach ~7% by fiscal 2026
- FAME II amendments & PMP scheme
- Production Linked Incentive (PLI) scheme for automobile industry is likely to benefit export focused auto component manufacturers
- For electric LCVs higher cost of acquisition compared to CNG and diesel is expected to be a challenge for electrification even in fiscal 2026. As per CRISIL Research's assessment, electric LCVs are expected to break even with diesel and CNG in 12th and 15th years of operations. Yet government's strong focus on driving electrification, intra city movement is expected to result in traction for electric LCVs
- Battery swapping is seen as a potential solution to drive and accelerate EV adoption in India. Battery swapping concept offers four major benefits which in turn help in addressing EV adoption concerns. Battery swapping reduces cost of acquisition for buyers, reduces range anxiety, drastically reduces refueling (charging) time and

assuage customer concerns around life of a battery or need for replacement of a battery. Several states are also supporting battery swapping by offering subsidies for capital investment in battery swapping stations. Success of battery swapping also depends on standardization of battery specifications by a central/nodal authority and along with commitment of substantial investments by swapping infrastructure providers for establishment of a dense network of swapping stations across parts of India. Also, financier community needs to be provided complete awareness about the same to facilitate vehicle financing. Battery stations are also likely to face viability challenges due to lower existing penetration of EVs in India. However battery swapping can be major catalyst for driving EV adoption if the concept gathers momentum in India. In that case EV penetration in LCV could be higher than 6-7% by fiscal 2026.

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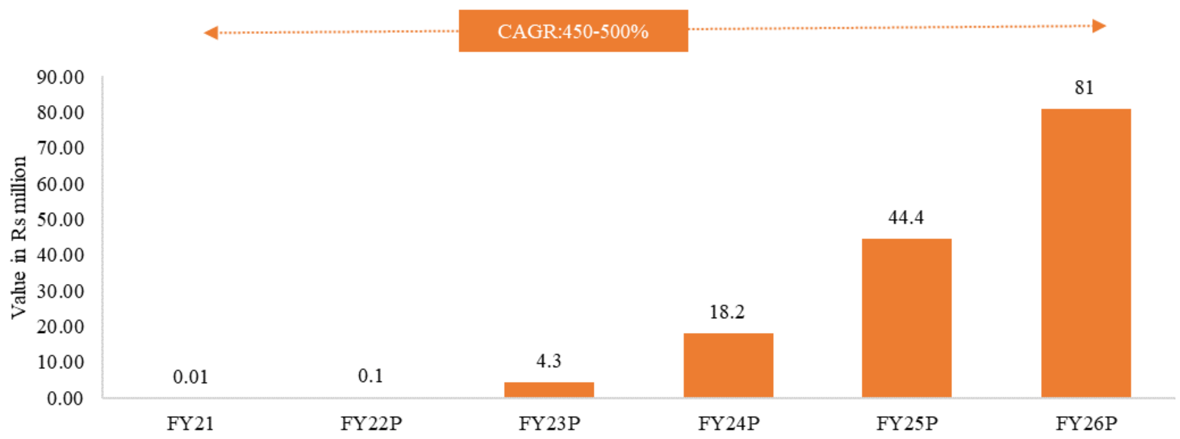
LCV mid drive BLDC motor demand outlook in India (Rs million), fiscal 2021- 2026



Note: E - Estimated; P – Projected
Source: SMEV, CRISIL Research

Going forward, as automobile electrification gathers pace in India, traction motors are expected to gradually replace the traditional internal combustion engines. Demand for LCV mid drive BLDC motor is expected to reach 7-8 thousand units by fiscal 2026 growing at an exponential pace over negligible base in fiscal 2021. Mid drive BLDC motor demand is expected to be ~20% of overall LCV traction motor demand in volume terms in fiscal 2026. In value terms the demand for mid drive BLDC motors is expected to reach Rs 75-85 million by fiscal 2026 accounting for 13-15% of overall LCV traction motor demand in value terms. Rest of the demand will be contributed by PMSM motors.

Competitive scenario for traction motors in India

Before the introduction of revised amendments in FAME II scheme, majority of electric vehicle auto components including electric motors used to be imported from markets, which are ahead of India in technological adoption.

DHI through FAME amendments made major amendments mandated localisation norms as precursor for availing subsidy. As of 01st April 2020, amongst other clauses, vehicles, which have electric motor made locally, would be eligible to receive demand incentive. Due to the impact of coronavirus pandemic on the EV industry, deadline for local manufacturing to be eligible for incentives under FAME II scheme has been extended until April 1, 2021. Second major amendment was on import duty on traction motor, it has been increase from April 2021 onwards from 0% to 15%. Third amendment was to specify warranty norms for parts on electric two wheelers to 3 years / 20,000 kms from one year earlier.

All the three amendments meant that OEM's now have to source domestically. COVID and other geo political risk to the supply chains also emerged as a key issue in fiscal 2021. All these reasons combined to give a much-needed fillip to the domestic capability building in electric vehicle auto component space.

These motors are typically used by smaller e2W manufacturers who are not covered under FAME scheme. Key organised suppliers for traction motors in India include:

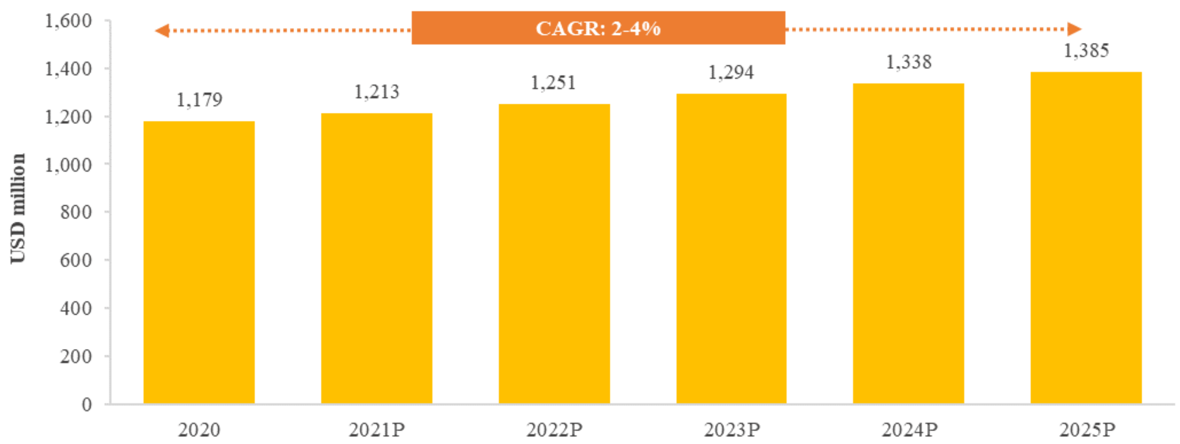
- Mahle Auto Electrical drives
- SEG Automotive
- Lithium balance
- Sona Comstar
- Lucas TVS

Global demand potential for machined components for power tools

Power tools typically include power drills, impact wrenches, hammers, saws, routers, grinders, etc. which are used in industries like construction, automotive, aerospace, shipbuilding and many others. A few components such as cam carrier, Anvil, Impactor, cylinders, Crank, shaft and pin, gear spindle, etc. are manufactured using machining process.

Review and Outlook (2020 – 2025P)

Global outlook on precision engineering machining value add in power tool industry (USD million), 2020-2025P



NOTE: P - Projected
SOURCE: Grand View Research, CRISIL Research

The global market size of a machined components of power tool industry is estimated to be USD 1,179 million as on 2020. It is expected to register a growth of 2-4% CAGR between 2020 and 2025 and reach USD 1,385 million in value terms.

Higher growth in cordless power tools, even in manufacturing industries like automobile will lead the growth of global power tool industry. China is one of the major markets for production of power tools. China plus one strategy due to trade tensions will result in shift in production to India. Spread of DIY (Do-it-yourself) concept, mainly in developed countries like USA will drive demand for power tool industry. However, due to economies of scale, per unit cost of the tool is expected to gradually reduce, leading to the slower growth of 2-4% CAGR between 2020 and 2025 as opposed to it projected volume growth of 4-6% for the same period.

(For further inputs on the global power tool industry, kindly refer to the chapter on "Global Power tool Industry").

Global demand potential for Needle/ plunger in needle valve

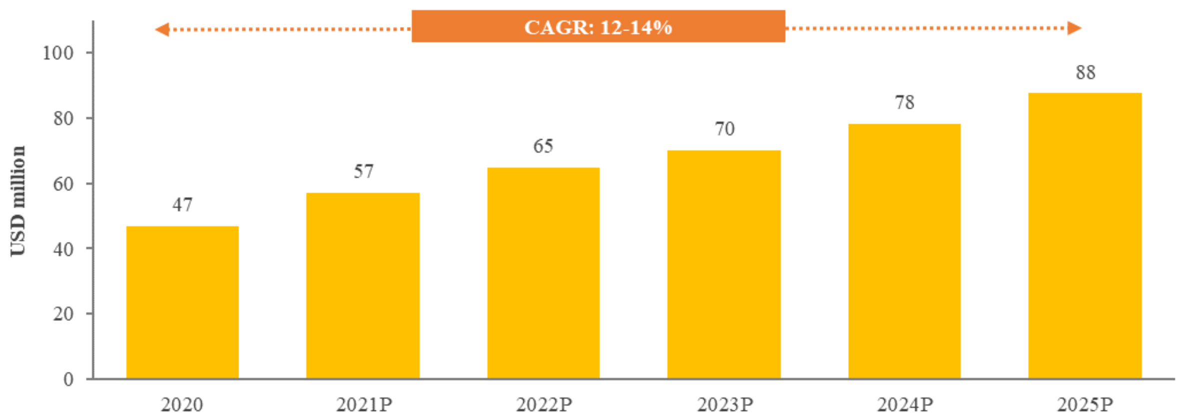
Overview of needle valve

A needle valve has a small orifice with a long, tapered seat, and a needle-shaped plunger, on the end of a screw, which exactly fits this seat. The virtue of the needle valve is from the vernier effect of the ratio between the needle's length and its diameter, or the difference in diameter between needle and seat. A long travel axially makes for a very small and precise change radially.

Needle valve is used in the fuel injection system to control the flow of fuel into the engine cylinder. Each cylinder in the engine has one needle valve. Needle is manufactured using stainless steel. Fluctuation in raw material price will impact the pricing of the needle. Profile grinding is one of the important operations which is performed while manufacturing needle. In India, profile grinding machine is generally imported from countries like Germany. Cost incurred to procure this machine, fluctuation in exchange rate will also impact the price of the needle.

Review and Outlook (2020 – 2025P)

Global outlook on needle used in needle valve for diesel-powered MHCV (USD million), 2020-2025P



NOTE: P - Projected
SOURCE: OICA.net, CRISIL Research

The global market size of a needle/ plunger in a needle valve is estimated to be USD 47 million as on 2020. It is expected to register a growth of 12-14% CAGR between 2020 and 2025 and reach a market size of USD 88 million. Demand for MHCV will drive the demand for needle/ plunger in the needle valve.

Move towards electric powertrain will adversely impact the market for needle valve. However, in MHCV, CRISIL Research expects the global penetration of pure electric to be in the range of 1-3% by 2025.

Key player profiles

Domestic players-

Bharat Forge Ltd

Bharat Forge Ltd was incorporated in 1961. In 1996, the company commenced commercial production. The company serves several sectors such as automotive, power, oil and gas, construction & mining, rail, marine and aerospace. Within automotive sector, the company serves passenger vehicle and commercial vehicle segment. The company manufactures powertrain components, chassis and transmission parts. Their manufacturing facilities are spread across India, Europe, US and China. The company's customer base includes virtually every global automotive OEM and Tier-1 supplier.

Lakshmi Machine Works

Lakshmi Machine Works Limited (LMW) started its operations in 1962 in Coimbatore, India. LMW was founded to provide Indian textile mills with the latest Spinning Technology. It caters to the domestic market as well as exports products to the

Asian and Oceanic regions. It later diversified into manufacturing of CNC machine tools, precision casting and aerospace components for global players.

Maini Precision Products (MPP)

MPP manufactures precision components for automotive, industrial and aerospace sector. Products include precision components, machined castings & forgings, fuel filters and sub-assemblies used in engines, transmissions, fuel injection, turbo chargers, steering & chassis, for passenger and commercial vehicles and precision components, machined castings and forgings for other industries; and for the aerospace sector include precision components and sub-assemblies used in aero structures, aerospace engines and aircraft systems.

MTAR Technologies

Operations of the company started in 1970, it was incorporated in 1999. Company manufactures precision components for nuclear, space and defence sector. Its clientele includes various government organisations such as ISRO, Ministry of Defence, etc. They have 7 manufacturing plants located in Hyderabad, Telangana.

Sansera Engineering

Sansera Engineering, incorporated in 1981, manufactures precision components for automotive and aerospace sectors. They manufacturer automotive components such as connecting rods, rocker arms, gear shifter forks mainly for two-wheelers and passenger vehicles. They have 15 manufacturing facilities of which 14 are in India and 1 is in Sweden.

Sona Comstar

Company manufactures automotive components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors EV traction motors and motor control units for domestic as well as global players. Company has 9 manufacturing locations spread across India, China, Mexico and USA.

Sundram Fasteners

Sundaram Fasteners started in 1966, is a part of TVS group. It manufactures precision components for automotive, windmill and aviation sector. Products ranges from fasteners, powertrain components, water pumps, oil pumps, etc. It supplies its products to domestic as well as to exports market.

Global players-

Barnes Group Inc.

Company is an aerospace and industrial components manufacturer which produces precision engineered springs for electronics and machinery, nitrogen gas products used to control stamping presses, as well as fabricated components and assemblies for turbine engines and airframes. It caters to businesses such as aerospace, consumer electronics, home appliances, medical devices, etc.

It is listed on the New York Stock Exchange.

Circor International Inc.

The company manufactures highly engineered, complex, and severe environment products that serve industries such as oil and gas, power generation, industrial, and aerospace & defense. It manufactures sensors, motors, pumps, pressure regulators, etc.

It is listed on the New York Stock Exchange.

Hexcel Corp.

The Company manufactures lightweight, structural materials, including carbon fibers, specialty reinforcements, prepregs and other fibre-reinforced matrix materials, honeycomb, adhesives, engineered honeycomb and structures, for use in commercial aerospace, space, defense and Industrial markets.

It is listed on the New York Stock Exchange.

Howmet Aerospace Inc.

It is an aerospace manufacturing company, based in Pittsburg, Pensylvania. The company manufactures components for jet engines, fasteners and titanium structures for aerospace applications, and forged aluminium wheels for heavy trucks.

On April 1, 2020, Arconic Inc. completed the separation of its business into two independent publicly-traded companies: Howmet Aerospace Inc. (the new name for Arconic Inc.) and Arconic Corporation ("Arconic Corp").

Meggitt Plc

Meggitt Plc manufactures components and sub-systems for the aerospace, defence and selected energy markets. It provides products and services such as advance composites structures, components for braking system, cameras and security, fire protection equipment to engines and airframes, sensors to measure a variety of parameters such as vibration, temperature, speed, pressure, fluid level, etc.

It is listed on the London Stock Exchange.

Transdigm Group Inc.

It is an aerospace and other products manufacturing company, headquartered in Cleveland, Ohio and listed on NYSE.

Products can be classified into three segments - Power and control products, such as pumps, valves, and ignition systems, airframe products like latching and locking devices, cockpit security components and audio systems and non-aviation products, such as restraints, space systems, and parts for heavy industrial equipment

Triumph Group Inc.

It designs, engineers, manufactures, repairs and overhauls a broad portfolio of aviation and industrial components, accessories, subassemblies, systems, and aircraft structures. It manufactures components for cockpit controls, fuel metering units, fuel pumps, fuselage, gearboxes, etc.

It is listed on the New York Stock Exchange.

Ratios for the key competition-

Companies/Particulars	Operating income (Rs mn)		Exports as a % of total income	Operating EBITDA (Rs mn)	PBT (Rs mn)	PAT (Rs mn)	Operating EBITDA margin (%)	PAT margin (%)	ROCE (%)	ROE (%)	Gearing ratio
	FY21	CAGR FY16-21	FY21	FY21	FY21	FY21	FY21	FY21	FY21	FY21	FY21
Domestic players											
Bharat Forge	63,363	-4%	72%	8,634	3,124	-1,270	14%	-2%	3%	-2%	0.59
Lakshmi Machine Works	17,274	-8%	15%[1]	1,492	713	446	9%	3%	5%	3%	0.35
Maini Precision Products (MPP)	4,274	7%	66%	53	497	-469	1%	-11%	-10%	N.M	1.04
MTAR Technologies	2,464	25%	52%	844	648	461	34%	19%	14%	10%	0.47
Sansera Engineering	15,493	N.A	34%	2,952	1462	1,099	19%	7%	15%	12%	0.54
Sona Comstar	15,663	-6%	61%	4,410	3,000	2,152	28%	14%	20%	17%	0.40
Sundram Fasteners	36,443	1%	N.A	6,915	4857	3,627	19%	10%	19%	15%	0.40
Average		**2%**	**50%**				**18%**	**6%**	**9%**	**9%**	**0.54**

Bharat Forge and Maini Precision Products (MPP) are among the leading precision components exporters from India in terms of contribution to overall revenues.

Companies/Particulars	Operating income (USD mn)		Operating EBITDA (Rs mn)	PBT (Rs mn)	PAT (Rs mn)	Operating EBITDA margin (%)	PAT margin (%)	ROCE (%)	ROE (%)	Gearing ratio
	2020	CAGR 2016-20	2020	2020	2020	2020	2020	2020	2020	2020
Global players										

Companies/Particulars	Operating income (USD mn)		Operating EBITDA (Rs mn)	PBT (Rs mn)	PAT (Rs mn)	Operating EBITDA margin (%)	PAT margin (%)	ROCE (%)	ROE (%)	Gearing ratio
	2020	CAGR 2016-20	2020	2020	2020	2020	2020	2020	2020	2020
Barnes Group Inc	1,124	-2%	123	101	63	11%	6%	1%	5%	0.48
Circor International Inc	773	7%	21	-94	-185	3%	-24%	-4%	-90%	0.82
Hexcel Corp	1,502	-7%	14	-28	33	1%	2%	-5%	2%	0.48
Howmet Aerospace Inc	5,259	N.M	1,087	171	261	21%	5%	8%	7%	0.69
Kongsberg Gruppen Asa	25,612	13%	3,250	1,855	2,932	13%	11%	10%	22%	0.66
Meggitt Plc (Euro mn)	1,684	-4%	77	-334	-314	5%	-19%	-1%	-15%	0.49
Transdigm Group Inc	5,103	7%	1,920	740	700	38%	14%	10%	-18%	1.22
Triumph Group Inc	1,870	-14%	177	-448	-451	9%	-24%	5%	55%	1.33
Average		**0%**				**12%**	**-4%**	**3%**	**-4%**	**0.77**

Note: NA: Not Applicable, N.M: Not Meaningful
EBITDA – Earnings Before Interest Tax Depreciation and Amortisation, PBT – Profit Before Tax, PAT – Profit After Tax, ROC – Return on Capital, ROE – Return on Equity
Operating EBITDA: Indicates operating earnings before interest, taxes, depreciation and amortization which takes into consideration only operating income whereas non-operating income is excluded
Operating EBITDA margin: Operating EBITDA / Operating income
PAT margin: PAT/ Operating income
ROCE: PBIT/average of last two years total debt plus tangible net worth
ROE: PAT/ average of last two years tangible net worth
Gearing ratio: Adjusted total debt/ Adjusted tangible networth
1. *Estimated figure based on standalone financials*
^: *N.M since On April 1, 2020, Arconic Inc. completed the separation of its business into two independent publicly-traded companies: Howmet Aerospace Inc. (the new name for Arconic Inc.) and Arconic Corporation ("Arconic Corp").*
Global players have financial reporting from Jan to Dec, except Transdigm Group which reports financials from Oct to Sep and Triumph Group which reports from Apr to Mar, for Triumph Group figures are for Apr 2020 till March 2021
Figures in Rs million for domestic players unless specified and for global players in USD mn unless specified
Source: Company reports, MCA, company websites, CRISIL Research

OUR BUSINESS

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2019, 2020 and 2021 and the three month periods ended June 30, 2020 and June 30, 2021, included herein is derived from the Restated Summary Statements, included in this Draft Red Herring Prospectus. Unless otherwise indicated or the context otherwise requires, in this section, references to "we" or "us" or "Company" or "our Company" mean Maini Precision Products Limited. For further information relating to various defined terms used in our business operations, see "Definitions and Abbreviations" on page 1.

*Unless otherwise indicated, or unless the context otherwise requires, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of market potential for specific precision components" (the "**CRISIL Report**"), prepared and issued by CRISIL Limited in October 2021, and exclusively commissioned and paid for by our Company in connection with the Offer. Unless otherwise indicated, or unless the context otherwise requires, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 17.*

We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, some of which may not be derived from our Restated Summary Statements. Our fiscal year ends on March 31 of every year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Financial Statements" on pages 30, 106, 367, and 297, respectively.

Overview

We are an end-to-end solutions provider engaged in process design, engineering, manufacturing, testing, and supply of a variety of precision products and assemblies. We are capable of diverse and critical manufacturing and finishing processes, including machined castings, die castings, machined forgings, bar route machining, plate machining, surface treatment, heat treatment, critical assembly, as well as ancillary activities such as end of line testing, export packing and warehousing, which helps us provide end-to-end solutions for our customer requirements. As per CRISIL, we are among the leading precision components exporters from India in terms of contribution to overall revenues. Out of our revenue from operations, 65.26%, 71.99%, 66.23%, 73.51%, and 70.41% was attributable to a group of foreign countries for the purpose of export of products in Fiscal 2019, Fiscal 2020, Fiscal 2021, the three months period ended June 30, 2020 and the three months period ended June 30, 2021. As of June 30, 2021, we exported our products to 27 countries.

We had a diverse portfolio of over 126 product families, and more than 50 customers as of June 30, 2021, which positions us as a strategic and preferred supplier. We have a diversified business, wherein our products are classified into two business, being (a) aerospace, which comprises precision products manufactured for aerospace and defense, and (b) automotive and industrial, which comprises precision products manufactured for clean internal combustion engines, fuel injections and transmissions (internal combustion engines, fuel injections and transmissions collectively referred to as "**Clean Powertrain**"), hydraulics and industrial, agriculture and legacy automotive. Our top five products for Fiscal 2021 were machined and ground shafts, PF pumps, bearing housings, heavy duty engine parts, and the GDI pump body which contributed 11.69%, 7.82%, 6.14%, 5.76%, and 4.79% to our revenue from sale of goods and services. For further details of our products, please see *"- Our Products*" on page 250.

Our diverse capabilities allow us to service customers globally. Our products are used across various industries such as aerospace, defense, automotive Clean Powertrain, power tools, material handling, hydraulic, marine, locomotive, and electronics.

We have developed and manufactured over 126 product families as of June 30, 2021, harnessing our R&D capabilities, which demonstrates our capability as an emerging solutions provider for a diverse range of products. We have 11 manufacturing facilities, which are located in Bangalore, India. Our various manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems and specialized processes, including IATF - 16949, AS 9100 Rev. D, NADCAP certificate for Non-destructive Testing ("**NDT**") and welding, ISO 14001, and ISO 45001.

As of June 30, 2021, we had a dedicated team of over 350 personnel as part of our development team, which focuses on process innovation and automation, design and implementation, which consequently helps us maintain and indigenously develop our technological prowess and manufacturing processes.

We have over four decades of experience in understanding customer specific requirements, and have a strong focus on quality, safety, value proposition, and the price competitiveness of our offerings, which we believe has helped us in establishing and maintaining long term relationships with our customers, which includes several Tier I customers and OEMs. We supply to a global clientele across various industries. Some of our customers in the (a) aerospace business include companies such as Safran Aircraft Engines, Marshall Aerospace and Defense Group, Eaton Aero, ITP Externals SLU, Parker Aerospace, and Woodward Inc., (b) in the automotive and industrial business include, Bosch Limited, Eaton Vehicle Group, Danfoss, Marelli Powertrain India Private Limited, Volvo Group India Private Limited, Cummins India Limited and BorgWarner Cooling Systems India Private Limited.

We have been recognized as "Best Supplier – Lean and Fast" in 2015 by General Electric and have received a "Preferred Supplier" award from Robert Bosch GmbH in 2015, a "Supplier Quality Excellence Award" from General Motors in 2019 and 2020, and a "Quality Excellence" award by General Electric in 2021. For further details of awards received by us, please see "*History and Certain Corporate Matters*" on page 270.

We forayed into aerospace manufacturing in 2004, and have, over the years, integrated three verticals within our business, namely aerospace engines, aircraft systems and aero structures. We believe we are well positioned to supply to the aerospace industry, on account of our experience and long standing relationships with various international customers. Our experience in aerospace commercial programs has also enabled us to venture into the defense market for land, airborne and naval platforms. We are associated with the defense majors based in USA, Europe and Israel for a range of defense programs.

Our experience in precision engineering, which spans over four decades, has also enabled us to venture into (a) the Clean Powertrain market, where we supply to global automotive Tier I players and OEMs in USA, Europe and India for a range of Clean powertrain programs, and (b) various industrial segments like power tools, locomotive, and marine, where we supply to OEMs in USA, Mexico, Europe and India.

<u>Financial and operating performance</u>

Our revenue from operations for Fiscals ended 2019, 2020 and 2021, and three months period ended June 30, 2020 and June 30, 2021, was ₹ 5,603.05 million, ₹ 5,708.01 million, ₹ 4,273.63 million, ₹558.14 million, and ₹1,356.50 million, respectively. Our restated profit / (loss) after tax for Fiscals ended 2019, 2020 and 2021, and three months period ended June 30, 2020 and June 30, 2021, was ₹(183.57) million, ₹(226.47) million, ₹(468.81) million, ₹(149.93) million and ₹(27.73) million, respectively. Our adjusted ROCE for Fiscals ended 2019, 2020 and 2021, and three month period ended June 30, 2020 and June 30, 2021, was 11.31%, 8.38%, 0.04%, (2.76)% and 1.82%, respectively. For further details of classification of CCPS as equity, please see "*Management's Discussion and Analysis of Financial Condition and Operations – Classification of CCPS*" on page 392. Further, please see "*Other Financial Information*" on page 361.

Strengths

Advanced manufacturing processes, engineering expertise and quality assurance

We manufacture a wide range of precision product components with close tolerances (of up to 3 microns), through our critical manufacturing and finishing processes, including machined castings, die castings, machined forgings, bar route machining, plate machining, surface treatment, heat treatment, critical assembly, for onwards usage by our customers across various industries such as aerospace, defense, Clean Powertrain, power tools, material handling, hydraulic, marine, locomotive, and electronics, in India and abroad. We combine modern manufacturing technology and engineering expertise with cost efficient processes, to deliver quality products at competitive prices. Our manufacturing operations are strengthened by our technical capabilities, infrastructure, and process knowledge.

We have an optimum blend of frugal engineering, fungible machines, and machining technology. Our manufacturing operations are undertaken using computer numerical controlled machines ("**CNC**") and flexible special purpose machines ("**FSPM**"). We had a total of 696 machines as of June 30, 2021, which included CNC sliding headstocks, CNC turning centres, CNC multi-spindle automats, CNC turn mill centres, CNC mill turn centres, CNC horizontal machining centres, CNC vertical machining centres, hobbing machines, CNC honing machines, CNC broaching machines, CNC gun drilling machines, CNC welding machines, CNC Grinding machines, lapping machines, electro chemical deburring machines, CNC transfer machines, as well as FSPMs for cross-drilling, pressing, crimping, bend removal, deburring, drilling, and milling. We also have modern technologies, sophisticated metrology and metallurgy equipment, and stringent quality systems.

Our standard machines are flexible and fungible in nature, allowing us to interchange capacity and product mix between all our product categories. This optimizes our machine productivity and operational efficiency and de-risks our business model from industry specific market variabilities and cycles, and underutilization.

For most of our high volume production, we utilize FSPMs with inbuilt full proofing mechanisms, in dedicated production lines, which allows for competitive manufacturing and the flexibility for volume changes as well as a product family approach, wherein multiple products belonging to a certain product family can be manufactured utilizing the FSPMs with minor modifications, therefore enabling us to have flexibility in manufacturing at no additional cost. Our machines are automated to allow for multi-manning to ensure cost competitiveness.

Our advanced manufacturing processes are also indicated in our capabilities to successfully machine various types of hard metals and alloys such as Inconel, Cobalt, Titanium, Rene 77 and Stainless Steel, which are utilized in aero-engines. We have created a position for us in the aerospace sector by excelling in manufacturing critical and complex parts from hard metals for aerospace engine applications such as the LEAP engine. Similarly, we are also capable of successfully machining light alloys, which are utilized in aircraft systems and aero structures. We have capabilities for manufacturing large aero structure parts for helicopter fuselages and bulk-heads, as well as complex and critical tolerance products for narrow and wide body aircrafts such as complex housings, manifolds, parts for auxiliary power units, torque links for landing gear and assemblies, fuel assembly lines, pneumatic systems, hydraulic systems, actuator housings/cylinders, heat sink assemblies for aircraft systems, which we believe provides us with a technological competitive advantage.

We have 11 manufacturing facilities, which are located in Bangalore, India. Our various manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems and specialized processes, including IATF - 16949, AS 9100 Rev. D, NADCAP accreditation for NDT and welding, ISO 14001, and ISO 45001. For details of our manufacturing facilities, capacity and utilisation, please see *"- Manufacturing Facilities*" and "– *Capacity Utilisation*" on pages 253 and 256, respectively.

Our familiarity with the machining technologies involved, and adoption of customized tools and high torque machines, enables our proficiency in effective manufacturing processes like high precision metal cutting and other related processes. We also have a welding facility that is NADCAP accredited, and in-house capabilities for NDT, which is used for crack detection in our products.

Our other capabilities include mechanical dump valve assemblies for BSVI and Euro 6 commercial vehicle application with match fittings of up to 7 microns, seat grinding processes for needles, critical heat treatment and profile grinding of tool steel material, and cost-effective friction welding technology. Our finishing operations include inner diameter, outer diameter, and seat grinding, lapping and honing respectively. We undertake critical manufacturing processes in-house, and provide a final product as per the print specifications of our customers.

We are equipped with various software capabilities including software for production planning, IOT enabling, and modelling. Our software capabilities help us proactively respond to real-time supply chain problems, thus providing us a competitive edge. This enables us in automatic generation of work-orders based on real time material and capacity constraints. Further, this also helps us reduce inventory costs by maintaining optimum levels of inventory, and allows for effective resource utlisation and adherence to delivery schedules. They also enable autonomous decision-making in relation to manufacturing processes and management, monitoring of assets and processes in real-time. This also helps us in taking effective make or buy decisions as we are in a position to continuously understand our capacity utilisation against customer orders.

For further details, please see "*Process Innovation*" on page 258.

Strategic supplier with a diversified business and product portfolio

We derive our revenue by supplying products for usage in multiple industries such as aerospace, defense, Clean Powertrain, power tools, material handling, hydraulic, marine, locomotive, electric vehicles and electronics.

Set out below are the details of our product categories, products, and number of years of experience in manufacturing such products, as of June 30, 2021:

Product category	**Year of experience in manufacturing**	**Products**
Aerospace and defense	• 15+	• Aerospace Engine components • Aerospace Structure components • Aerospace System components • Defense components
Clean Powertrain (Euro 6/BSVI)	• 8+	• Engine components • Fuel Injection components • Turbo Charger components • Transmission components • Emissions • Steering and Chassis
Hydraulics and industrial	• 15+	• Bearing housing

Product category	Year of experience in manufacturing	Products
		• Pressure plates • Cam Carrier • DCH • Anvils • Impactors • Spindles • Cylinders • Lifting Piston • Wheel fork • Push rod • Journals • Rod assembly • Marine Application fluid nuts
Agriculture	• 30+	• PF Pump Assembly • Handprimer Assembly • Filters Assembly • Tractor Engine components
Legacy automotive	• 40+	• Emissions • Engine

We manufacture precision products, machined castings and forgings, fuel filters and sub-assemblies used in aerospace engines, aircraft systems, aero structures Clean Powertrain, hydraulics, material handling, power tools, marine, and locomotive. Further, we also manufacture, and supply precision products, sub-assemblies, machined castings and forgings used in Aerospace engines, long bed structural parts, aerospace tank door assemblies, fuselage parts, wing components for aerospace structures, hydraulic and pneumatic components for aircraft systems, at multiple levels of the value chain. Our varied product offerings and continuous product development efforts have enabled us to cater to multiple industries and customers, enhance our ability to attract new customers. As of June 30, 2021, our product portfolio included 126 product families and more than 50 customers as of June 30, 2021, which positions us as a strategic and preferred supplier.

As part of our offerings, we focus on new generation products across all our product categories. Some of these new generation products include products for hybrid electric aircraft motors, low pressure turbine nozzle guide vanes for the LEAP engine, landing and braking system parts for aircrafts, and brushless direct current motors (“**BLDC Motors**”), e-axles and transmission systems (“**EV Transmissions**”) for electric two wheelers, three wheelers and light commercial vehicles (“**EV Road Vehicles**"). Our focus on new products and emerging trends has also resulted in a tactical reduction in product share of low margin and low value products from our portfolio, which has increased our profit margins

Our engineering expertise enables us to supply various critical products to a global clientele. For example, we have successfully delivered various complex products for aerospace engine assemblies and were awarded a 10 year contract in 2017 for supply of low pressure turbines nozzle guide vanes for the LEAP engine, which was launched by CFM International (a 50-50 joint venture between American GE Aviation and French Safran Aircraft Engines) in 2008 and commissioned in airline fleets in 2016, as per CRISIL. As per CRISIL, (a) LEAP-1A engine powers the Airbus A320 Neo single-aisle jet, (b) LEAP-1B engine powers the single-aisle commercial jet used by Boeing 737 MAX, and (c) the LEAP-1C engine powers the COMAC’s C919 (and is the only Western engine offered on the C-919, a Chinese single-aisle jet).

As per CRISIL, LEAP engines are regarded as the most efficient engine currently available in the market. Since the first LEAP-powered flight entered commercial service in August 2016, the engine program has grown exponentially. This engine program has experienced the fastest order ramp up in commercial aviation history and nearly 1,400 LEAP-powered aircraft have been delivered to more than 136 operators on five continents till date. The LEAP fleet surpassed 10 million engine flight hours and five million flight cycles in less than five years of commercial service.

We a supplier from India for LEAP engine parts, having developed and supplied over 300 variety of parts of the LEAP engine program. Our total revenue from products supplied to LEAP engines has increased from ₹511.81 million in Fiscal 2019, to ₹759.86 million in Fiscal 2020, witnessing a growth of 48.47%.

As per CRISIL, LEAP engines have a backlog of at least 15,500 engines considering combined backlog of ~9,500 Boeing 737 Max Family and Airbus 320 Neo Family aircrafts. Such a strong current order backlog and expected incremental orders for Boeing 737 Max Family and Airbus 320 Neo Family aircrafts in coming years suggests LEAP engines will remain in supply over the next 10-15 years.

We also supply to the Boeing P8/P8i program, Pratt & Whitney. For the purpose of manufacturing aerospace products, we have developed technologies such as honeycomb brazing, electro discharge machining, welding, 5 axis grinding, which are in addition to our other machining capabilities. For further details of our technologies, please see “*Process Innovation*” on page 258.

We are associated with the defense majors based in USA, Europe and Israel for a range of defense programs. We supply specialized and complex parts that form part of complex electronic housings, stabilized remote control guns, bomb release units, and mission critical enclosures. We have also been selected as one of the suppliers for Thirty Meter Telescope ("**TMT**") project, which will be the largest visible-light telescope in the world.

We are engaged in the manufacturing of three generations of GDI pump body with sleeve crimping. We also machine different grades of stainless steel for the automotive and industrial industry, including for the GDi pump body and emission components.

Set out below are details of our product category-wise revenue from sale of goods and services for the relevant financial periods:

Products	**Fiscal 2019 (As adjusted)**		**Fiscal 2020**		**Fiscal 2021**		**Three months period ended June 30, 2020**		**Three months period ended June 30, 2021**	
	Sales of goods and services (*in ₹ million*)	**%**	**Sales of goods and services (*in ₹ million*)**	**%**	**Sales of goods and services (*in ₹ million*)**	**%**	**Sales of goods and services (*in ₹ million*)**	**%**	**Sales of goods and services (*in ₹ million*)**	**%**
Aerospace										
Aerospace and defence	1,125.84	20.89%	1,479.23	26.99%	433.61	10.51%	108.92	20.30%	143.68	10.93%
Automotive and Industrial										
Clean powertrain	2,609.66	48.43%	2,581.02	47.10%	2,099.93	50.91%	227.29	42.37%	688.00	52.35%
Hydraulics and industrial	790.27	14.67%	762.29	13.91%	779.64	18.90%	126.69	23.62%	273.25	20.79%
Agriculture	584.13	10.84%	425.05	7.76%	506.65	12.28%	49.66	9.26%	119.13	9.06%
Legacy automotive	268.43	4.98%	224.39	4.09%	201.81	4.89%	17.29	3.22%	52.95	4.03%
Others	10.39	0.19%	7.97	0.15%	103.50	2.51%	6.60	1.23%	37.33	2.84%
Total	**5,388.71**	**100.00%**	**5,479.96**	**100.0%**	**4,125.15**	**100.00%**	**536.47**	**100.00%**	**1,314.34**	**100.00%**

We are the single source supplier to various global players in relation to the sourcing of components for their products. Set out below are the instances where we are the single source suppliers:

Customer	**Products supplied**
UD Trucks Corporation	Spindle arms, tie rod arms, pitman arms, kingpins, and intermediate arm assemblies
Volvo	Hub idler for medium and heavy duty engine.

We believe this is indicative of our position as a strategic supplier to a global clientele.

We also constantly endeavor to develop our product portfolio as per evolving requirements of our customers. Set out below are the business-wise details of new products added to our product portfolio for the referenced financial periods:

Business	**Fiscal 2019**	**Fiscal 2020**	**Fiscal 2021**	**Three months ended June 30, 2021**
Aerospace	227	155	140	81
Automotive and Industrial	141	144	114	24

Diversified customer base with long-term relationships and customer stickiness

We have a diversified and increasing customer base across various industries, with over 50 customers as of June 30, 2021. We have over four decades of experience in understanding customer specific requirements, and have a strong focus on quality and safety, value proposition, and the price competitiveness of our offerings, which we believe has helped us in establishing and maintaining long term relationships with our customers, which includes several Tier I customers and OEMs.

Globally, our customers include players such as Eaton Aero and Eaton Vehicle Group, Marelli Powertrain India Private Limited, Danfoss, Safran Aircraft Systems, Safran landing Systems, Safran Helicopter Engines, Marshall Aerospace and Defense Group, BorgWarner, ITP Externals SLU. Within India, our customers include players such as Bosch Limited, Marelli Powertrain India Private Limited, Volvo Group India Private Limited, Eicher, BorgWarner Cooling Systems India Private Limited, Safran HAL, Tata Electronics Private Limited, and Tata Advanced Systems Limited.

We have been suppliers to Bosch Limited for over 48 years, Eaton Vehicle Group for over 20 years and Safran Aircraft Engines for over 17 years. We have relationships spanning more than a decade with 13 of our top 21 customers by contribution to total revenue as of Fiscal 2021. The table below sets forth the details of our relationships with our customers, which are in excess of 10 years:

Sr. No.	Customer Name	Age of relationship	Industry	Geographies supplied
1.	Bosch Limited	48	Automotive PV, CV & Agriculture	India, Europe
2.	A material handling company	10+	Material handling	Europe
3.	An American automotive manufacturer	10+	Automotive – PV	North America, Europe
4.	Eaton Vehicle Group	20	Aerospace & Automotive – CV	Asia Pacific, India, Europe, North America
5.	Danfoss	20	Hydraulics & Industrial	Asia Pacific, India, Europe, North America
6.	Volvo Powertrain – Sweden	19	Automotive – CV	Asia Pacific, India, Europe, North America
7.	Safran Aircraft Systems	17	Aerospace & Defence	Asia Pacific, Europe, North America
8.	A European Clean Powertrain manufacturer	10+	Automotive –CV	Europe
9.	Parker Aerospace	15	Aerospace	North America
10.	A European aerospace engine components manufacturer	10+	Aerospace	Europe
11.	A European precision components manufacturer	10+	Automotive – CV	Europe
12.	Safran HAL Aircraft Engines	14	Aerospace & Defence	India
13.	Eaton Aero	14	Aerospace	Europe and North America
14.	KSPG Automotive India Private Limited	13	Automotive – PV	India
15.	An American aerospace engine manufacturer	10+	Aerospace & Defence	Asia Pacific , India, Europe, North America
16.	BorgWarner Morse Systems India Private Limited	12	Automotive –PV	India, Europe, South America
17.	Turbo Energy Private Limited	12	Automotive – PV	India
18.	A European aerospace system components manufacturer	10+	Aerospace	Europe
19.	An American industrial tools manufacturer	10+	Power tools	Asia Pacific, India, Europe, North America
20.	An India automotive manufacturer	10+	Automotive -PV	India
21.	An American automatic transmission manufacturer	10+	Automotive – PV	North America, India
22.	Marshall Aerospace and Defence Group	10	Defence	Europe

While we have many key customers, who have been associated with us for a long time, we nevertheless have a diversified customer base and continue to add new customers. We have added 17 new customers since Fiscal 2019 across USA, UK, India and Europe. Some of our recent onboarded customer include Cummins India Limited, Aisan Auto Parts India Private Limited, BorgWarner Thermal, Wabtec Corporation, Safran Helicopter Engines, Safran Aero System Ducts, ITP Externals SLU, Pratt & Whitney, and Hyde Aero Products Limited.

We continually work with customers on value engineering projects for product cost optimization, and the savings from these projects are shared with our customers.

We have over the years, strengthened our relationships with global Tier I Customers and OEMs by becoming a supplier of choice for precision products and assemblies. We have been recognized as "Best Supplier – Lean and Fast" in 2015 by General Electric and have received an "Preferred Supplier" award from Robert Bosch GmbHin 2015, a "Supplier Quality Excellence Award" from General Motors in 2019 and 2020, and a "Quality Excellence" award by General Electric in 2021. Further, we have been given a "100% Best Rating for Quality" by Boeing for the GSE Project. For further details of awards received by us, please see "*History and Certain Corporate Matters*" on page 270.

We believe that our end-to-end solutions, as well as the ease of doing business with us, makes us an integral aspect of our customers' ecosystem. Further, our end-to-end solutions approach incentivizes our customers by lowering their requirements for working capital and inventory management. We believe this results in customer stickiness, which is demonstrated in our long term relationships onboarding of new customers.

Global delivery model, with "end-to-end" capabilities

As per CRISIL, we are among the leading precision components exporters from India in terms of contribution to overall revenues. Out of our revenue from operations, 65.26%, 71.99%, 66.23%, 73.51%, and 70.41% was attributable to a group of foreign countries for the purpose of export of products in Fiscal 2019, Fiscal 2020, Fiscal 2021, the three months period ended June 30, 2020 and the three months period ended June 30, 2021. As of June 30, 2021, we exported our products to 27 countries. The top 10 countries by export volumes included United States, France, Sweden, Italy, Slovakia, England, Japan, Spain, Poland and Germany. Our revenues from export of products are geographically diversified and comprise North America, Asia Pacific, Europe & South America.

The following table sets out our revenue from operations by geographical spread as per Ind AS 108, for the financial periods/years indicated:

(in ₹ millions except percentages)

Geography	Three months period ended June 30, 2021		Three months period ended June 30, 2020		Fiscal 2021		Fiscal 2020		Fiscal 2019 (As adjusted)	
	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution
Revenue from Operations attributed to the Company's country of domicile										
India (A)	401.41	29.59%	147.84	26.49%	1,443.10	33.77%	1,598.63	28.01%	1,946.76	34.74%
Revenue from Operations attributed to group of foreign countries										
North America (B)	459.62	33.88%	161.14	28.87%	1,346.45	31.51%	1,390.08	24.35%	1,130.00	20.17%
Europe (C)	420.57	31.00%	216.84	38.85%	1,257.81	29.43%	2,246.08	39.35%	2,181.66	38.94%
Asia (other than India) (D)	74.90	5.52%	32.32	5.79%	226.27	5.29%	473.22	8.29%	344.63	6.15%
Revenue from Operations (E) = (A)+(B)+(C)+(D)	1,356.50	100.00%	558.14	100.00%	4,273.63	100.00%	5,708.01	100.00%	5,603.05	100.00%
Revenue from Operations attributed to group of foreign countries (F)=(B)+(C)+(D)	955.09	70.41%	410.30	73.51%	2,830.53	66.23%	4,109.38	71.99%	3,656.29	65.26%

We have a global delivery platform for supplying precision products, machined castings and forgings including sub-assemblies to our customers through third-party warehousing facilities situated in the USA and Europe. We have arrangements with our third-party warehousing facilities to stock our products for ensuring timely delivery as per the requirement of the customers. The warehousing facilities availed by us are determined on the basis of customer concentration in a specific geographical location. We also deliver our products directly to warehouses maintained by our customers across various geographies. We follow the just-in-time ("**JIT**") inventory management approach in these warehouses. Pursuant to the JIT approach, we align raw material orders from suppliers directly with our production schedules, which increases efficiency and decreases wastage by receiving raw material as and when required. This also results in reduced inventory costs. We believe this also helps our customers to manage their production during spikes in demand, and de-risks their planning and production.

We have evolved from being a manufacturer of precision products to an 'end-to-end' solution provider, which is indicative in our presence across entire value chain of the products we supply to our customers, which includes manufacturing facilities, supplier partnerships for various processes, and external infrastructure such as warehousing and logistics. We believe that our in-house manufacturing capabilities, process knowledge and our network of suppliers enables us to provide end-to-end solutions for all products manufactured by us. Further, we believe that having the benefit of providing such end-to-end solutions under one roof enables us to provide value added offerings, and increases our operational efficiency, resource optimization, and customer retention.

We believe the above factors help us retain our existing customers, and also generate interest for new customer.

Robust technological, innovation and R&D capabilities with high barriers to entry, enabling us to seamlessly harness emerging trends

Our manufacturing operations are characterized by high barriers to entry on account of, amongst others, (a) lengthy customer and product approval processes, (b) necessity of various certifications prior to development of products, size of operations, (c) difficulty in customer acquisition in the absence of existing customers, (d) understanding, implementation and sustenance of quality systems and customer requirements, and (e) customer management and logistics (*source: CRISIL Report*).

Our engineering team is capable of indigenously designing and developing manufacturing process which are innovative, flexible, technology oriented and combine an effective mix of machines which helps us meet the close tolerances and stringent quality requirement whilst being price competitive. We constantly strive to adopt the latest technologies to enhance our operations. Our ability to use innovative, suitable and appropriate technology for manufacturing precision components, coupled with our ability to understand the business requirements of our customers, enables us to meet global quality standards whilst being cost competitive. We have the capability to engage with a customer at various stages of production development including design, validation, testing and delivery. Our service offerings provide us multiple entry points during the life cycle of our customers' products, across the design and manufacturing matrix, thereby deepening and expanding our existing customer arrangements.

As an example, we have, harnessing our R&D capabilities, conceptualized and developed auto gauging systems which are product-specific, and (a) improve traceability, data retention and reliability, and (b) reduce manual intervention, when compared to conventional inspection methods. These auto-gauging systems are unmanned stations requiring minimal manual intervention, enabling monitoring of consistency in process capabilities. We have also developed over 60 FSPMs, which are built specific to products, as a cost effective solution comparted to standard machines, and which are also characterised by smaller sizes and faster cycle times. We have also implemented "poka yokes" (mistake proofing systems), which, among others, serve as tool break sensors to monitor the tool breakage.

We are a technology oriented company, which is reflected in our capabilities of manufacturing critical aerospace engine products and supplying to latest engine programs such as LEAP by CFM International, and Pratt & Whitney, USA, and supply of aircraft system components to narrow body and wide body aircraft programs. We have also developed program specific technologies such as five axis grinding, honeycomb brazing, electro-discharge machining, brazing, welding, and stelliting, for the purpose of manufacturing critical aerospace engine products, and in-house capabilities of complex deburring processes, by undertaking transfer of technology from USA and Europe to India, which is typical to long term supply projects.

Our dedicated development team comprising 350 personnel, as of June 30, 2021, focuses on process innovation, design and implementation, which consequently helps us maintain and develop our technological prowess.

We also have a well-equipped dimensional inspection and calibration laboratory, with testing machines, metallurgical microscopes, micro-hardness testers, which is led by qualified personnel, to establish micron level adherence to specifications as set by our customers.

We believe that 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, in a cost effective manner without compromising on quality. We continuously strengthen our engineering expertise by providing in-house training to our workforce, in order to diversify and update their skill sets and keep them updated with the latest changes in manufacturing technologies and processes.

Our product portfolio comprising of 126 product families as of June 30, 2021, is indicative of our in-depth R&D capabilities and innovation. We have also, over the last three Fiscal years and three month period ended June 30, 2021, we have developed 1,026 products which averages to around 26 parts per month.

Our R&D teams are focused on adopting emerging technologies, which improves our efficiency and our product portfolio in line with customer expectations and industry developments and standards. In particular, our technological capabilities have allowed us to effectively service customer requirements arising out of international regulation and directives targeting cleaner emissions and mandating usage of newer engines such as Euro VI.

Our R&D efforts seek to capitalize on emerging trends such as the increased use of electronics, stricter environmental regulations, digitalization, fuel efficiency, emission reduction and light-weighting of vehicles, as well as the emergence of new technologies such as electrification of vehicles. For example, we have invested in manufacturing of BSVI and Euro 6 components, which includes, amongst others, purchases of high-end CNC grinding machines, CNC sliding head stock machine, sophisticated quality equipment, and establishing a clean room.

We have invested in various software to improve our engineering and production capabilities, and to ensure timely delivery of products. Our software capabilities include end-to-end RFQ tracking, SAP, supply chain management, monitoring capacity utilisation, resource utilisation, production planning, enabling and modelling. Further, have also implemented industry internet of things ("**IIOT**"), and artificial intelligence and connectivity. We believe that IIOT will enable us to achieve consistent operating efficiencies, single location data storage and easy accessibility to such data, speed of communications between the cross functional teams, and undertaking predictive maintenance, resulting in increased operational efficiencies. Our software capabilities, among others, (i) reduce personnel dependence and increase automation, (ii) enable real time optimization and autonomous decision making, (iii) help in effective resource planning and inventory management.

Strong parentage, and skilled, experienced and qualified workforce and senior management

Our Company was incorporated on March 3, 1973 at Bengaluru, Karnataka, and is part of the Maini Group. Our Company was founded by Late Dr. Sudarshan Kumar Maini and Ms. Reva Maini, and is promoted by Sandeep Kumar Maini, Gautam Kumar Maini and Chetan Kumar Maini.

Mr. Sandeep Maini is also a partner at Virya Mobility 5.0 LLP, which focuses on developing technologies that facilitate and accelerate the implementation of electric mobility in India. Further, Mr. Chetan Kumar Maini was the co-founder and chief executive officer of Mahindra Reva Electric Vehicles Private Limited, which launched the "Reva", an electric passenger vehicle in India. We believe that such past experience of our management in the electric vehicles industry positions us well to explore further opportunities in electrification. For further details, please see "- *Focus on market opportunities in the growing electric vehicles and aircrafts industry"* on page 249.

Our Company has an experienced management team with past experience across sectors such as automotive, aerospace, industrial and mechanical engineering and manufacturing. finance, accounting, investments, global manufacturing.

We believe our highly experienced and professional management team provides us with a key competitive advantage. Most members of our senior management have extensive experience in the precision components manufacturing industry, including in operations, business development, quality assurance, customer relationships. This results in effective operational coordination and continuity of business strategies. Our management team has led our organisation through a multi-pronged diversification of the business and development of new systems and products over the last several years.

Our Company has adopted the ESOP 2021 to provide additional incentive to the employees and to motivate the employees to contribute to the growth and profitability of our Company. For further details of our ESOP schemes and shareholding, please see "*Capital Structure*" on page 75.

Strategies

Utilize our expertise to manufacture diverse products and expand into products for new and emerging trends

On account of our experience and access to the export markets in Europe and USA, we get involved with product development at an early stage. For example, we started manufacturing the first generation GDi pump body in 2013, and are currently manufacturing all three generations. Further, such products have a long life, which enables us to use the related machinery for such extended durations. We believe our experience and manufacturing capabilities for the export market helps us understand product life cycles, and believe that it will help us capitalize on market opportunities as and when the products we currently export, are introduced in India for assembly.

Our R&D teams are focused on adopting emerging technologies, which improves our efficiency and our product portfolio in line with customer expectations and industry developments and standards.

We plan to continue expanding one of our key product categories, aero-space, which services an industry which is poised to witness steady growth in the future. As per CRISIL, global export of aircraft components steadily grew until 2018. After 2018, it declined due to slowing aircraft deliveries owing to Boeing 737 MAX grounding and COVID-19 related restrictions. Going forward, as flights resume and demand for aircrafts increases, export of aircraft components is expected to increase and reach about US$110-130 billion by 2030. Further, the global demand for precision engineering market in aerospace engine segment is expected to grow at a CAGR of 8-10% from US$11 Billion in 2020 to US$25-30 billion by 2030. Global demand for precision-engineered components of aircraft is expected to grow at CAGR of 8-10% from US$79 Billion in 2020, to US$180-200 billion by 2030. Further, the demand for precision engineering machining value add for aircraft was estimated at US$ 35 billion and is expected to clock a CAGR of 8-10% over the next 10 years to reach US$80-90 billion by 2030.

We believe we are well positioned to harness such trends in the aviation industry, on account of our existing relationships with global aerospace clients, and our manufacturing capabilities for aerospace products. We plan to move up the value chain by starting to diversify our product portfolio with relevance to new technologies established via low pressure turbine nozzle guide vanes and structural machining. Our focus will be on key product portfolios such as shrouds, blades, stator and rotor parts, door frames, fan cowls, and wing assemblies.

We also intend to continue working with our customer base in the power tool industry and further horizontally deploy it with other customers which we have already engaged. We intend to evolve from a component manufacturer to a full assembly manufacturer for the power tool industry. As per CRISIL, the global power tool market is expected to grow from at 3.5% CAGR from 2021-25 to reach US$ 39.3 billion in 2025, led by the Asia-Pacific region expanding at 4.7% CAGR, followed by North America and Europe at 2.4% and 3.8% CAGR, respectively. Latin America is expected to grow at a 1.9% CAGR. Demand for power tools is likely to rise on the back of increasing infrastructure development projects undertaken by various governments the world over. Further, the DIY culture is here to stay and grow. Consequently, home improvement activities that call for power tools would provide a key platform for the growth of affordable and easy-to-use power tools. As per CRISIL, the market size of machined components of power tool industry is estimated to be USD 1,385 Million in value terms and China plus one strategy due to trade tensions will result in shift in production to India. We are well positioned to capitalize on such industry trends on account of our existing expertise in the power tool industry.

We also plan to continue expanding in other industries like locomotive, energy, automated door assembly which will help us further diversify and reduce our dependency on few major industries.

We also intend to venture into the electric vehicles and aircrafts market. For further details, please see "- *Focus on market opportunities in the growing electric vehicles and aircrafts industry"* on page 249.

For further details of our product pipeline, see "– *our Products*" on page 250.

Increase focus on global markets, and increase market and wallet share by leveraging our long-standing relationships

We are an export-oriented Company. Out of our revenue from operations, 65.26%, 71.99%, 66.23%, 73.51%, and 70.41% was attributable to group of foreign countries for the purpose of export of products in Fiscal 2019, Fiscal 2020, Fiscal 2021, the three months period ended June 30, 2020 and the three months period ended June 30, 2021. As of June 30, 2021, we export our products to 27 countries. The top 10 countries by export volumes include United States, France, Sweden, Italy, Slovakia, England, Japan, Spain, Poland & Germany.

We intend to leverage our diversified and global delivery service model by continuing to focus on tailor-made precision products and processes designed to suit our customers' preferences. Our existing relationships and our ability to deliver precision products on a timely basis, and, in certain cases, our 'preferred supplier' status, enables us to follow our existing customers to newer geographical locations and to establish a presence in such locations.

We propose to expand our operations in geographies such as USA, Europe and Mexico, by expanding our share of supplied products, as well as by diversifying our portfolio. Such expansion will ensure timely delivery of precision components to our customers at their manufacturing facilities in a cost-efficient manner. We believe this will reduce delays in delivery of our components to our customers' warehouses and manufacturing facilities. We believe that our global delivery model is one of the key factors that our customers take into consideration while choosing us as their supplier of choice for precision components.

We have longstanding relationships with several global Tier I companies and OEMs. For details of our long standing relationships, please see "- *Diversified customer base with Long-term relationships and customers stickiness" on page* 242. We intend to continue to leverage our long-standing relationships with customers, and increase market share in relation to the products we currently supply to such customers. We intend to engage in horizontal deployment of our products globally, and move up the value chain by manufacturing more complex products.

While we have various key customers, who have been associated with us for a long time, we nevertheless have a diversified customer base and continue to add new customers. We have added 17 new customers since Fiscal 2019 across USA, UK, India and Europe. We also intend to further de-risk customer concentration by adding new customers in these geographies.

Set out below are geography-wise details of some of the recent customer we have onboarded:

Sr. No.	Name	Geography	Category
1.	Safran Helicopter Engines	France	Aerospace engine
2.	Safran Aero System Ducts	France	Aerospace engine
3.	ITP Externals SLU	Spain	Aerospace engine
4.	An American aerospace system manufacturer	US	Aircraft Systems
5.	Pratt & Whitney	US	Aerospace engine
6.	Hyde Aero Products Limited	UK	Aero Structure
7.	An American aerospace and defence system manufacturer	US	Aircraft Systems
8.	An American aerospace and defence system manufacturer	US	Aircraft Systems

Sr. No.	Name	Geography	Category
9.	Tata Electronics Private Limited	India	Electronics
10.	Wabtec Corporation	North America	Industrial
11.	An American door system manufacturer	North America	Industrial
12.	Cummins India Limited	North America & Europe	Clean Powertrain
13.	Aisan Auto Parts India Private Limited	India	Clean Powertrain
14.	BorgWarner Thermal	Europe	Clean Powertrain
15.	A European automotive manufacturer	Europe	Clean Powertrain
16.	Volvo Penta	India	Marine
17.	A European train manufacturer	Europe	Industrial

We also intend to increase wallet share by selling other products to same customers, and also horizontally deploy existing products to other customers, thereby capitalising on cross-selling, without any additional development costs in all our segments. Set out below are demonstrated examples of this approach:

Product	Details
GDi pump body	We started manufacturing the first generation of the GDi pump body for Marelli and are currently manufacturing all three generations. We are also in the process of manufacturing it for certain of our other customers.
Friction welded shafts	We started manufacturing friction welded shafts for BorgWarner Cooling Systems India Private Limited, Chennai in 2017, and subsequently started supplying to BorgWarner in USA and Europe as well.
Cam Carriers	We started supplying to Stanley Black and Decker with basic precision products, and subsequently evolved into a supplier for various critical and complex precision products. We are currently manufacturing four variants of Cam Carriers for Stanley Black and Decker.

We believe our experience of manufacturing GDi pump bodies for over eight years will help us increase our share in the GDi market globally, as markets witness a clear shift from Diesel to Gasoline engines, and Gasoline Direct Injection (“**GDi”)** engines poised to take a maximum share of PV engines. As per CRISIL, the global demand for GDI pump body and sleeve is estimated to be USD 213 million as on 2020. It is expected to register a growth of 15-17% CAGR between 2020 and 2025 and reach a market size of USD 447 million. Gasoline powered (inclusive of hybrid) PV production is expected to grow at a CAGR of 5-7% from 42 million units in 2020 to 57 million units in 2025 and Global GDI technology penetration is expected to increase to 63% by 2025 from 41% in 2020. Demand for GDI fuel systems is expected to increase from 17-18 million in 2020 to US$34-35 million in 2025 with 14-16% CAGR. Penetration of GDI in developed countries is expected to increase to >95% levels by 2025. Higher adoption of GDI technology across the regions will drive the growth of GDI fuel injection technology and hence of the GDI pump body. We believe we stand to benefit from such industry trends on account of out familiarity and expertise in manufacturing the three generations of GDI pump bodies, and our existing clientele.

To increase our global focus, we intend to capitalise on our existing global network, by establishing a global operational footprint with close proximity to our overseas customers. For this purpose, we intend to set up business development offices in USA and Europe. We intend to become local players abroad by establishing business development offices, which will enable frequent and localised interaction with overseas customers. Our foreign offices will help us establish a physical operational presence abroad, which will increase physical interaction with our clients. We believe such increased physical interaction will result in increased business, and help us gather market intelligence more effectively, as per the regional supplier base. Our proposed offices in USA will also help us foray into new markets such as Canada and Mexico.

We believe automotive aftermarket is an untapped market; we intend to explore this market as we are well versed with the global quality requirement and technical know-how

As per CRISIL, the US-China trade war and the Covid-19 pandemic has laid the need for companies to diversify supply chains outside of China. This has given rise to the “China plus one” strategy, in which multinational firms are moving to other countries, in addition to China. India is expected to be one of the promising nations for diversification by such firms. Such trade agreements and China plus one strategy, are expected to strengthen India’s place as a manufacturing hub and have a bigger role in global value chain. We believe we stand to benefit from the shift of import preferences to India, which will help us further expand our export business.

Localisation and import substitution of manufacture of critical high precision components

We believe that our advanced manufacturing processes, coupled with our technological and engineering expertise has enabled us to penetrate the advanced technological market and cater to the requirements of globally renowned customers. This capability to manufacture critical precision products enables us to supply domestically produced products to existing Tier I Customers and OEMs’ in India who currently import such products, thereby reducing their cost of sourcing the product from outside India.

On account of our experience and access to the export markets in USA, we get involved with product development at an early stage. Accordingly, we believe that such exposure helps us understand product life cycles, and gives us a competitive edge as and when such products are introduced in India, to be the supplier of choice. As the technology and manufacturing processes of our clients flow from China and USA to India, our strong focus on exports helps us to understand and adapt the technology and stringent quality needs, which we believe positions us ahead of our local competitors. As per CRISIL, to protect domestic industries from cheap imports, India has levied anti-dumping or countervailing duties on various products imported from China since January 2021. We believe that such measures in reducing imports will be beneficial for our localization strategy. Further, our business is adapted to being competitive in nature on account of its export oriented nature, which will help us be competitive in the Indian markets as well.

We have localised various components which we supply to our customers, which were previously imported into India. Set out below are past examples of successful localisation undertaken by us:

- Cummins India Limited: Localization of six turned and machined components which includes critical needle plungers, mechanical dump valve BSVI components, which were previously imported from Europe.

- Stanley Black and Decker: Localisation of nine turned and machined critical components, which were previously imported from China and Europe.

As and when new products enter India, we believe we are well positioned to supply the same on account of our existing business ecosystem and export-oriented approach, which helps us understand the attendant requirements.

We believe that we have a key advantage over our competitors in understanding the product, quality and customer requirements in a timely and cost effective manner and are well positioned to be the manufacturer and supplier of choice for Tier I Customers and OEMs for critical or high precision components in India.

Focus on market opportunities in the growing electric vehicles and aircrafts industry

We intend to focus on market opportunities in the growing electric vehicles and aircrafts industry. We believe we are well positioned to harness the electric vehicles and aircrafts market on account of the past experience of our management team in this space. For further details, please see, "- *Strong parentage, and skilled, experienced and qualified workforce and senior management" on page* 246.

We are focused on developing upcoming technologies in the electric vehicles space. For example, we intend to develop and manufacture hub motors and power trains for electric two-wheelers, and BLDC Motors, e-axles, and transmissions for electric three-wheelers and light commercial vehicles. Further we are working with our customers on Mild Hybrid Electric Vehicle ("**MHEV**") and Full Hybrid Electric Vehicle ("**FHEV**") RFQs which are in commercial discussions. We are currently in the process of building a prototype line for hub motors. Further, we are currently in the process of designing e-axles and powertrains.

We believe that our technological capabilities, machining capability, understanding of customer specifications and requirements, supplier base, long association with customers, allow us to be well positioned to harness emerging trends in the electric sector.

We have entered a memorandum of understanding dated October 18, 2021 with Virya for supplying precisions products such as BLDC hub motors, mid-drive motors and gear boxes which are used in a range of vehicle platforms such as e-Auto Rickshaws, four wheeled passenger and cargo micro trucks.

CRISIL expects 2W EV sales to expand to between 2,120 to 2,140 thousand vehicles by Fiscal 2026 from 140 thousand to 142 thousand vehicles in Fiscal 2021, at a CAGR of 70% to 74% over Fiscals 2021 to 2026. Factors such as presence of public charging and fast-charging systems will allay range anxiety, help overcome the current trust deficit and drive faster adoption. Further, the e-3W segment is expected to grow at CAGR of approximately 46% between 2021 to 25 to reach 400,000 units in sales. Growth can be attributed to government subsidies, low running cost, new business models and tie-ups etc.

As per CRISIL, electric scooter penetration is expected to reach 50% by fiscal 2026 and electric motorcycle penetration at 3% by fiscal 2026. Further, by fiscal 2026, the penetration of e-Autos is expected to reach ~18% levels from current 2% level. As few top selling three-wheeler states have banned permits for diesel vehicles, CRISIL Research expects this to drive electric three-wheeler sales. Further, continuation of demand subsidy is a major factor for increasing adoption. Government of India has also made amendments to clauses pertaining to qualification criterion of OEMs who can claim demand incentives. These amendments include localisation of parts, failing which FAME II linked demand incentives will not be available. Another major amendment of increasing basic custom duties on BLDC motors will also deter cheap imports.

We intend to capitalise on such trends and supply BLDC motors, EV Transmissions, and e-axles for electric vehicles for the EV Road Vehicles industry.

Further, we intend to capitalize on our existing relationships with customers who are foraying into the electric and hybrid aircrafts industry, and become suppliers for their future requirements. To this end, we intend to supply components to electric motors which are assembled in hybrid electric aircraft, which we believe would be the future of commercial aviation. As per CRISIL, the airline industry emits ~2% of the carbon dioxide (CO2) emissions emanating from humans. In line with the global push towards greener technologies, the aviation industry is also looking at alternative powertrains, lighter materials and more efficient methods to reduce CO2 emissions. CRISIL Research estimates that about 30% of general aviation, or 1,000-1,200 aircraft sales, can be electric/hybrid aircraft by 2030. Although the market is expected to shift to hybrid electric aircraft, the precision engineered component opportunity would also exist in electric/hybrid aircraft in addition to jet aircraft. The penetration of electric motors on commercial airplanes will be a gradual process since existing systems will need to be replaced with electric systems. We currently supply to various aerospace players globally, who we believe will adapt to the changing trends of electrification of aircrafts, and our existing relationships with such players will help us capitalise on such trends.

We also plan to work towards future technologies such as Clean Powertrain, Euro 6 and 7. We believe that Euro 7 will be the last of the emission norms, and our early entry in this space will help us secure substantial market share globally, as the Euro 7 technology will be used in Hybrid Electric Vehicles. For further details of our products, please see "- *Our Products*" on page 250.

Our Vision

The Maini Group is driven by the guiding principle of the 'ZERO' philosophy, under which we aim to deliver zero defect products with zero time delays, zero complaints through zero wastage and zero inefficiency and strive for zero pollution.

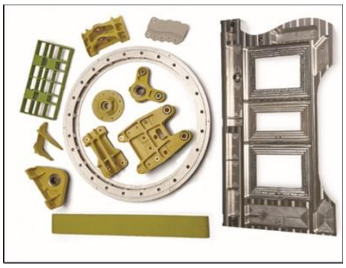
Our Products

We have a diversified offering wherein our products are classified into the following categories:

Business	Category	Products
Aerospace	Aerospace and defense	Aerospace engine parts, aerospace structure parts, and aerospace system parts, fuselage structures, tank door assemblies, and brackets and fittings for defense programs
Automotive and industrial	Clean Powertrain	New generation gasoline injection bodies, euro VI engine parts, valves, shafts, yokes, gear shift rails, cooling products.
	Hydraulics and Industrials	bearing housings, pressure plates, fluid nuts, Cam carriers, anvils, impactors, spindles, cylinders, lifting pistons, push rods, journals, rod assemblies and marine products
	Agriculture	foreign drive fuel pumps and hand primer assemblies.
	Legacy Automotive	bushings, rollers, pins and machined shafts.

Set out below is an overview of our product catalogue:

Aerospace engine



Aerospace structure

Aerospace systems

Clean Powertrain

Clean Powertrain

Hydraulics and industrial


Agriculture


Legacy automotive

Set out below are the category-wise details of our product portfolio:

Aerospace

Aerospace & Defence:

We manufacture a wide variety of precision products in the aero-space and defence category, such as, aerospace engine parts, aerospace structure parts, extremely large telescopes, and aircraft system parts, landing gear parts and systems, fuselage structures, tank door assemblies, and brackets and fittings defense programs.

Set out below are the details of such parts:

a) Aerospace engine: Aerospace engine, is the power component of an aircraft propulsion system. Various type of components are assembled to form a complete engine. We supply various precision products to Aerospace engines such as engine mounting brackets, end fittings (nozzles, connectors, ferrules, links, T-joints, and valves), low pressure turbine vanes, fittings, engine nozzles.

   All these components are machined from hard metals mainly Inconel, Cobalt, Titanium, Rene 77. We supply to major aircraft engine programs like LEAP Engine, GTF Engine, GE90 and GE9X; and Helicopter engine programs like Arriel, Arrius and Ardiden.

b) Aircraft Systems: Aircraft Systems are the integral part of every aircraft comprising of mainly flight control systems, landing gear, hydraulic systems, electrical systems, avionics and fuel systems. We supply various type of components to aircraft systems namely electrical enclosures, clevis kits, tie rods, hydraulic manifolds, housings, cylinders, regulators, fuel tank door assemblies, torque links for landing gear.

   All these components are machined from different grades of metals made up of Aluminium, Steel with various special processes involved. We supply to major narrow body and wide body programs like A320 family, Boeing 737 family, Airbus A330, A350 and Boeing B747, B777 and B787.

c) Aero Structure: Aero Structure is a component of an aircraft's airframe which include fuselage, wings, or flight control surfaces. We supply various components to aero structures namely fuselage components, support brackets, parts of wing structures, brackets for ribs and skins assemblies.

   All these components are machined mainly from different grades of Aluminium with high precision. We supply to major narrow body and wide body aircraft programs and also for helicopter programs.

Automotive and industrial

Clean Powertrain:

A powertrain is an integral part of a vehicle which is an assembly of products that is responsible for propulsion. A vehicle powertrain creates power from the engine and delivers it to the wheels. The key components of a powertrain include an engine, fuel injection, transmission, driveshaft, axles, and differential.

We manufacture various precision products in the Clean Powertrain category, such as, new generation gasoline injection bodies, euro VI engine parts, transmission products, valves, shafts, yokes, gear shift rails, cooling products.

Hydraulics and Industrials:

We manufacture various precision products in the Hydraulics and Industrial category, such as, bearing housings, pressure plates, fluid nuts, cam carrier, anvils, impactors, spindles, cylinders, lifting pistons, push rods, journals, rod assemblies and marine products.

The above mentioned precision products are used in off-highway vehicles, hydraulic pumps, material handling and power tools.

Agriculture:

We manufacture various precision products in the agricultural category, such as, foreign drive fuel pumps and hand primer assemblies.

The above mentioned precision products are used in stand-alone engines for agriculture applications.

Legacy Automotive:

We manufacture various precision products in the legacy automotive category, such as, bushings, rollers, pins and machined shafts.

The above mentioned precision products are used in passenger vehicle engine/ fuel injection applications.

Our business pipeline

Our business pipeline comprises (a) addition of new products to the supply portfolio of existing customers and their supply schedules, and (b) new projects which are awarded to us by new customers. The new products supplied to our existing customers, once approved, form part of our existing long term supply contracts with such customers. Set out below are details of our current business pipeline, where we have received purchase orders from customers:

Customer*	End segment	No. of LOIs / POs	Application	Location
Aero 1	Aerospace – Defense	1 PO for proto samples	Aerospace system Components	USA
Aero 2	Aerospace – Commercial	1 PO for proto samples	Aerospace system Components	USA
Aero 3	Aerospace – Defense & Commercial	1 PO for proto samples	Aerospace system Components	USA
Aero 4	Aerospace – Defense	1 PO for proto samples	Aerospace system Components	USA
Aero 5	Aerospace – Commercial	1 PO for proto samples	Aerospace system Components	USA
Aero 9	Aerospace - Commercial	1 PO for proto samples	Aerospace system Components	India
Aero 10	Aerospace - Commercial	1 PO for proto samples	Aerospace system Components	India
Aero11	Aerospace - Commercial	1 PO for proto samples	Aerospace system Components	USA
Automotive & Industrial 13	Automotive	2 PO	BEV	India
Automotive & Industrial 12	Automotive	1 PO	BEV	Europe
Automotive & Industrial 2	Power tool	1 PO	Industrial	India
Automotive & Industrial 3	Infrastructure	2 POs	Industrial	USA
Automotive & Industrial 3	Infrastructure	1 PO	Industrial	USA
Automotive & Industrial 5	Marine	3 POs	Industrial	Switzerland
Automotive & Industrial 7	Auto - CV	1 PO	Industrial	Sweden
Automotive & Industrial 11	Generator	1 PO for samples	Industrial	India
Automotive & Industrial 11	Industrial	1 PO for samples	Industrial	India
Automotive & Industrial 6	Auto - CV	1 PO	Clean Powertrain	India
Automotive & Industrial 6	Auto - CV	1 PO	Clean Powertrain	Belgium
Automotive & Industrial 8	Auto PV	1 PO	Clean Powertrain	India
Automotive & Industrial 10	Auto – CV	1 POs	Clean Powertrain	Mexico
Automotive & Industrial 1	Auto – CV	2 POs	Clean Powertrain	Germany
Automotive & Industrial 1	Auto – CV	1 PO	Clean Powertrain	USA

Customer*	End segment	No. of LOIs / POs	Application	Location
Automotive & Industrial 1	Auto – CV	2 POs	Clean Powertrain	India
Automotive & Industrial 9	Electronics	2 POs	Mobiles	India
Automotive & Industrial 4	Auto	1 PO	Clean Powertrain	USA

**Masked names included.*

Manufacturing Facilities

We have 11 manufacturing facilities situated in industrial zones in and around Bengaluru, Karnataka, India at various locations, namely, Bommasandra Industrial Area, Peenya Industrial Area and Nelamangala Industrial Area, having a total area of approximately 365,176 sq. ft.

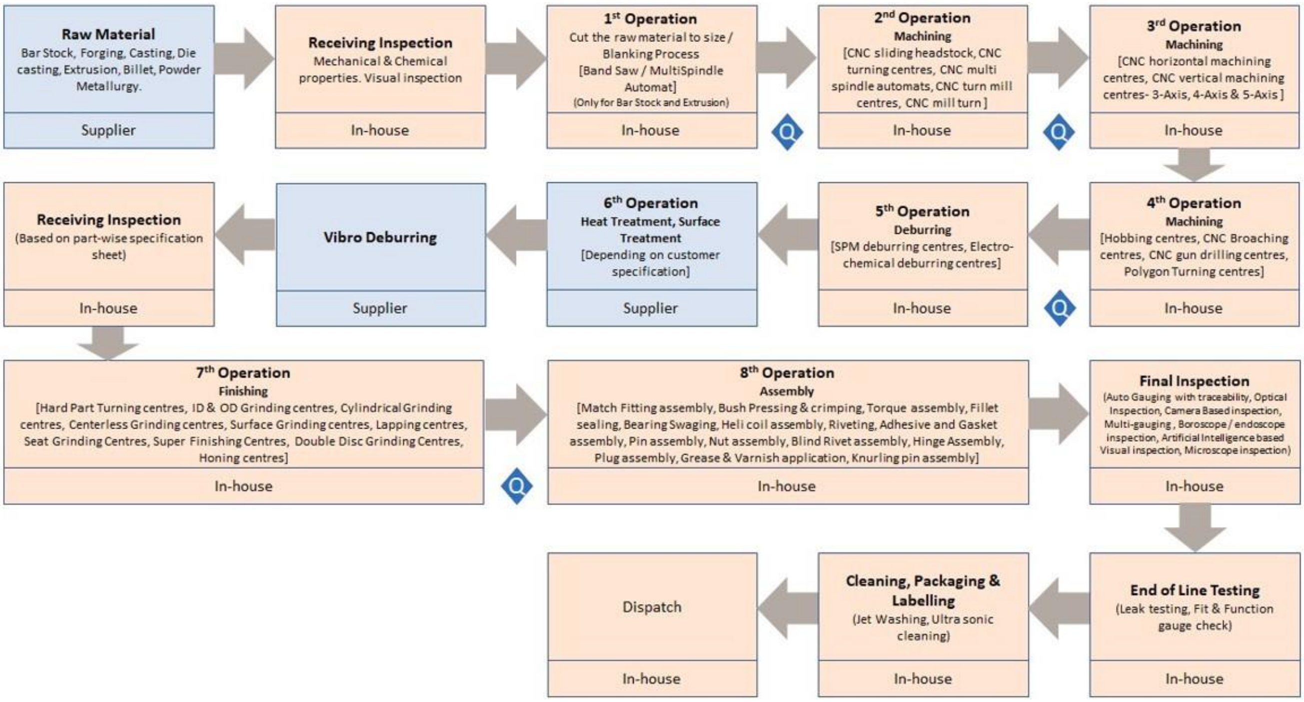
Our various manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems and specialized processes, including IATF - 16949, AS 9100 Rev. D, NADCAP accreditation for NDT and welding, ISO 14001, and ISO 45001. For details of our manufacturing facilities, capacity and utilisation, please see “- *Manufacturing Facilities*” and “ – *Capacity Utilisation*” on pages 253 and 256, respectively.

We have a total of 696 machines as of June 30, 2021, which include CNC sliding headstocks, CNC turning centres, CNC multi-spindle automats, CNC turn mill centres, CNC mill turn centres, CNC horizontal machining centres, CNC vertical machining centres, hobbing machines, CNC honing machines, CNC broaching machines, CNC gun drilling machines, CNC welding machines, CNC Grinding machines, lapping machines, electro chemical deburring machines, CNC transfer machines, as well as flexible special purpose machines (“**FSPM**”) for cross-drilling, pressing, crimping, bend removal, deburring, drilling, and milling. We also have well-equipped machining technologies, sophisticated metrology and metallurgy equipment, and stringent quality systems.

Set out below are our various machines and equipment at our manufacturing facilities:

Our Manufacturing Processes and capabilities and capacity

Set forth below is a flowchart of the typical manufacturing process employed by us for high precision components at our manufacturing facilities in industrial zones in and around Bengaluru, Karnataka:



Our capabilities include our various levels of process that allows us to produce the best possible precision-machined components to our customers. Besides machining our finishing processes includes:

(a) Inner diameter and Outer Diameter Grinding: Grinding is an abrasive machining process that uses a grinding wheel as the cutting tool to give effect to the process.

(b) Honing: Honing is an abrasive machining process that produces a particular precision surface on a metal work piece, by scrubbing an abrasive stone against it along a controlled path. Honing is primarily used to improve the geometric form of a surface, but may also improve the surface texture.

(c) Lapping: Lapping is a finishing process, in which two surfaces are rubbed together with an abrasive between them, by hand movement or by using a specific machine meant for that purpose.

(d) Burnishing: Burnishing is the smoothening out of a surface due to sliding contact with another object. Visually, burnishing smears the texture of a rough surface and makes it shinier and smoother.

(e) Super finishing: Refine the surface of a metal component to an extremely fine surface with very low roughness.

Details of our manufacturing facilities are as follows:

Manufacturing facility	Products capable of being manufactured	Key products manufactured being manufactured as of the date of this Draft Red Herring Prospectus	Process capabilities
Aerospace- Bommasandra (122C)	Aerospace engine products Aerospace system products Aero Structure products Fixtures for Electronic products	End Fittings (Connectors, Ferrules, Spacers, Bushing. etc.) Mounting Brackets Engine Nozzles Elbow Tubes Low Pressure Turbine Nozzle Guide Vanes Fuselage Components Tank door assemblies Electrical Enclosures Support Brackets Engine parts made from localised Titanium Forgings Engine parts made from castings Class 1 part (Torque Link for landing gear). Note on Class 1 parts. Clevis Kits Tie Rods Critical Manifolds Housings Cylinders Valves Regulators Fixture manufacturing & Assembly	Turning, Milling (3-Axis, 4-Axis, 5-Axis, Grinding, Aqueous Degreasing-Titanium Riveting & Assembly Sealant Application Welding Impacting Vacuum Brazing
Automotive & Industrial – Peenya (B-59, B-165, 163, C-217)	Hydraulic products Agriculture products Material Handling products Automotive products	Bearing housing Fluid nuts Lifting Piston Push rod Wheel fork PF Pump Handprimer Bush Rollers Pins	Multi-Spindle Turning, Milling (3-Axis and 4-Axis), Grinding, Lapping, Double disc grinding, Assembly and End of line testing.
Automotive & Industrial – Bommasandra & Jigani (5A, 77, 108)	Clean powertrain injection products, engine products. Automated Transmission products Marine application products Power Tool products	Gdi pump body assemblies Yoke Injector Idler Hub Gear for Medium & Heavy Duty Engine parts (Euro 6) Medium Duty Engine parts (Euro 6) Idler Gear Shaft Valve block for AMT All AMT machined parts Intermediate assembly Retainer bearing Housing Cylinders	Turning, Milling (3-Axis, 4-Axis, 5-Axis, Grinding, ECM deburring, Super finishing, Crimping, Assembly.
Automotive & Industrial - Peenya 16B	Clean transmission products, fuel cooling system parts, fuel injection parts. Power Tool products Locomotive products Hydraulics and Industrial products.	Release Yoke Roller Yoke Release Sleeve Pin Synchronizer Friction Welded Shafts Needle Seat Retainer Cam Carrier Anvils Impactors Spindles Journals Rod assembly Cradle Pressure plates	Turning, Milling (3-Axis, 4-Axis, 5-Axis, Grinding, ECM deburring, Friction welding, Pressing, Assembly.

Manufacturing facility	Products capable of being manufactured	Key products manufactured being manufactured as of the date of this Draft Red Herring Prospectus	Process capabilities
Filters (169)	Filter Assembly for Agriculture and Automotive application. Door Assembly	Filter Assembly for Agriculture and Automotive application. Door Assembly	VMC machining, Electro-mechanical Assembly, Leak testing, Helium leak testing

For more details on our manufacturing facilities, see "- *Immovable Properties*" on page 262.

Installed capacity and capacity utilisation

As of June 30, 2021, we had a monthly capacity of manufacturing 6.9 million products with 875 unique part numbers manufactured per month. As of June 30, 2021, we have a portfolio of 126 product families.

The table below sets forth the installed capacity and capacity utilisation of our product portfolio, as certified by Mr. M. S. Balu, Chartered Engineer, by way of certificate dated December 13, 2021:

Manufacturing Plant Code	Address	Key products	Fiscal 2019		Fiscal 2020		Fiscal 2021		June 30, 2021		Facilities
			Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	
1100 Unit-1	B-59, 2nd Cross, 1st stage, Peenya Industrial Estate, Tumkur Road, Bangalore-560058	2K Bearing Housing HOLE FLANGE S. G. Iron Castings (Machined)	2,45,619	80%	2,39,529	74%	2,50,885	70%	62,721	85%	Machining, Assembly
1200 Unit-2	B-165, 3rd Cross, 1st Stage, Peenya Industrial Estate, Tumkur Road, Bangalaore-560058	Fuel Injection Pump Spherical Graphite Iron Castings (Machined) Hand Primer	1,10,36,619	71%	87,40,521	66%	1,21,88,213	55%	30,47,053	66%	Machining, Assembly
1300 Unit-3	5A, Bommasandra Industrial Area, Bangalore-562158	Idler Hub Gear for Medium & Heavy Duty Engine parts (Euro 6) Medium Duty Engine parts (Euro 6) Idler Gear Shaft Pump Body Complete Assembly PHP-1 HUB IDLER GEAR (LOWER) Hub Idler Gear Assembly	1,99,05,841	75%	1,53,15,433	73%	1,69,92,274	63%	42,48,068	84%	Machining, Automation
1500 Unit-5	B-163, 3rd Cross, 1st Stage, Peenya Industrial Estate, Tumkur Road, Bangalaore-560058	King pin Made out of Alloy Steel Slip Ring Sleeve Made of Mild Steel	2,94,22,835	78%	2,49,70,736	76%	2,81,60,436	57%	70,40,109	69%	Machining

Manufacturing Plant Code	Address	Key products	Fiscal 2019		Fiscal 2020		Fiscal 2021		June 30, 2021		Facilities
			Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	
1600 Unit-6	C-217, 4th cross, 1st Stage, Peenya Industrial Estate, Tumkur Road, Bangalore - 560058	Nut collets Nut made of alloy steel Nut made of alloy steel	71,69,588	96%	62,07,607	88%	1,07,75,384	47%	26,93,846	64%	Machining
1700 Unit-7	169, Nelamangala, Bangalore	Filter sub assembly (F002H25031) (Plastic) Filter sub assembly (F002H25028) (CRS) 0.7 Ltr Dual Filter (F002H20117) (Conventional)	15,72,927	68%	10,82,935	69%	11,64,567	57%	2,91,142	51%	Assembly, Machining
1900 Plant-8	No. 108, Jigani Link Road, Jigani	Valve block for AMT All AMT machined parts Intermediate assembly	29,17,254	70%	19,22,559	74%	30,53,645	50%	7,63,411	74%	Machining & Assembly
2100 Plant-9	No.77, Jigani Link Road, Jigani	Intermediate assembly Retainer bearing Housing Cylinders	40,92,442	68%	31,57,135	71%	54,78,879	40%	13,69,720	40%	Machining & Assembly
2200 Plant -10	122 C, Bommasandra Industrial Area, Bangalore-562158	End Fittings (Connectors, Ferrules, Spacers, Bushing. etc.), Mounting Brackets, Engine Nozzles, Elbow Tubes, Low Pressure Turbine, Nozzle Guide Vanes, Fuselage Components, Tank door assemblies Electrical Enclosures Support Brackets, Engine parts made from localised Titanium Forgings, Engine parts made from castings, Class 1 part (Torque Link for landing gear). Note on Class 1 parts. Clevis Kits, Tie Rods Critical Manifolds, Housings Cylinders, Valves, Regulators Fixture manufacturing & Assembly	14,68,705	47%	15,14,175	60%	12,56,004	19%	3,14,001	21%	Machining & Assembly & Welding

Manufacturing Plant Code	Address	Key products	Fiscal 2019		Fiscal 2020		Fiscal 2021		June 30, 2021		Facilities
			Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	Installed capacity in units	Capacity Utilisation (%)	
2300 Plant -11	16-B, Phase-1, Peenya Industrial Area, Bangalore-560058	Release Yoke Roller Yoke Release Sleeve Pin Synchronizer Friction Welded Shafts Needle Seat Retainer Cam Carrier Anvils Impactors Spindles Journals Rod assembly Cradle Pressure plates	30,06,336	64%	61,60,817	67%	67,20,581	76%	20,80,145	86%	Assembly & Machining

Notes:

1. *Capacity utilisation in Fiscal 2021 is computed as volume of products sold in Fiscal 2021 divided by the total installed capacity of products at the end of Fiscal 2020. Same basis applies for the calculation of capacity utilisation in Fiscals 2020 and 2019.*
2. *Installed capacity reduction in Fiscal 2020 for all the units is due to lock down from March 2020 to end of June-2020 & also reduced working hours and work force restriction.*
3. *Others constitute multiple product families and capacity is fungible.*
4. *Installed capacity varies with the product mix, as products are not homogenous.*

Process Innovation

In our constant endeavor to meet our customer's requirements and to improve our quality and process efficiency, innovation in the manufacturing process plays a key role. As we expand our customer base and our geographic reach, we continue to focus on operational efficiency through the effective use of technology and quality assurance. For example, we redesigned manufacturing processes combining multi-spindle automats and sophisticated CNC-VMC machines; we substituted the use of a series of conventional machines to special purpose machines, which can accommodate several operations. This process innovation eliminated multiple operations, leading to productivity improvement, reduction of man power and operational costs and most importantly, ensuring consistency in quality of the product. Further, we have also implemented automation processes such as gantry loading and robots to increase productivity, and reduce manpower cost.

We continually upgrade our older machines with necessary automation to prevent obsolescence, in a cost effective manner.

We have also developed titanium and stainless steel forging capabilities in India through our supply chain, and 4th and 5th axis milling machining capabilities with close geometrical tolerances. Further, we also have SPMs for deburring which are followed by electro chemical deburring, and automated gauging systems, which, among others, measure 15 dimensions in 25 seconds with traceability.

Our aim is to utilize present experience of the workforce; process and innovation in developing more value added components and assemblies. We constantly review, re-consider and implement our ideas and innovations, which is essential for the growth of the business. We shall continue to focus on process innovation through frugal engineering in order to meet the requirements of our customers.

Set out below are certain examples of our process innovation:

a) Auto Gauging System: Auto gauge inspection stations are unmanned, or require very less manual intervention inspection. The statistical inspection data is used to improve the process capability and traceability.

b) *Multi gauging system:* Multi gauges are in process inspection gauges where we combine multiple parameters inspection in one station, which helps operators to consume less time for part inspection and avoid multiple setups and multiple handling of the parts.

c) *Gauge tracking:* We utilize a program was designed for quality control professionals who need a convenient, easy-to-use, and powerful method for documenting, tracking, and retrieving calibration information.

d) *5 Axis machining process:* We utlise CNC machines to simultaneously move cutting tools or parts along five axes. The cutting tool continuously moves along every axis such that the tip is always perpendicular to the part. This process allows us to machine a variety of complicated parts.

e) *Pressing and Crimping Process:* Controlled interference fit is maintained to ensure optimum performance of assembly. The machine is equipped with various poka-yoke (mistake proofing) to ensure defect free output without destructive testing.

f) *4 Spindle turning center with robot:* CNC 4 spindle turning center is operated by a robot with no human interference, including for loading and unloading of product, dimension verification with a closed loop system.

Raw Materials and Suppliers

We use steel rounds and bar stocks, castings, forgings and various alloys including ferrous, aluminum based alloys, nickel based alloys (e.g. Inconel, Monel), cobalt based and titanium-based alloys. Our raw materials are crafted into precision components, which are further assembled to manufacture the end product by our customers. All raw materials used in our aerospace sector are imported from customer-approved sources globally.

We enjoy a long-standing relationship with many of our raw material suppliers, which enables a timely manufacturing and delivery of components. We keep an array of suppliers with us, to ensure that there is no delay in manufacturing and delivery of the component to the customer due to the delay or failure to supply a critical raw material by any supplier. Our dependence on the raw material suppliers for the materials differs on a case-to-case basis based depending on the assignment and the specific process requirements.

We also have various suppliers as part of our external infrastructure, to whom we outsource heat treatment processes. Further, while we manufacture all our high value products or close tolerance products, in-house, some of the products / operations from our portfolio such as non-critical machining, are outsourced to third party suppliers. Our business is also supported by an efficient supply chain which comprises forging suppliers, casting suppliers, die-casting suppliers, bar suppliers, heat treatment suppliers, and four warehouses.

We endeavor to localize raw materials wherever possible for the automotive and industrial business and have successfully done so in most of the cases, including for material such as bar stock, castings, forgings, die-castings.

Software

We have invested in various software to improve our engineering and production capabilities, and to ensure timely delivery of products. Our software capabilities include end-to-end RFQ tracking, SAP, supply chain management, monitoring capacity utilisation, resource utilisation, production planning, enabling and modelling. Further, have also implemented industry internet of things ("**IIOT**").

Packaging, Storage and transportation

Packaging and Storage:

All critical parts have tailor made packaging, which is approved by our customers. All our domestic shipments are directly dispatched to our customers without warehousing. Most of our export shipments are dispatched to third party warehouses for storage, based on the customer JIT requirement the parts are pulled from the warehouse on "First In First Out" basis.

Transportation

For our operations in India, we typically ship finished goods to our customers by road within their delivery schedules. In a few cases, our customers may directly pick up the goods at our own facilities, and in such cases our customers handle these arrangements. Costs associated with the transportation of incoming materials and components are generally included in the purchase price.

In case of our overseas customers, we use a number of transportation arrangements. We generally export our systems and components through sea shipments in case of auto-products, and in exceptional circumstances by air to ensure that customer production lines operate without interruption. Further, all our overseas aero-products are shipped by air.

Customer Agreements

We have entered into various purchase and supply contracts with several global Tier I Customers and OEMs, some of which are valid in perpetuity, unless terminated in accordance to the terms of the contract. Prior to entering into agreements with us, we also offer our customers the opportunity to inspect our manufacturing facilities, processes, raw materials and logistical capabilities. Based on such inspection, our customers confer us with various certifications and accreditations. The components are supplied by us under various purchase orders issued by the customers from time to time, under the terms of the master purchase or supply agreement. Some of our customers under their respective purchase or supply contracts, have the right to check and verify the manufacturing system and process laid down by us, for manufacturing the customer products under their respective purchase or supply contracts, which may include inspection of the manufacturing facilities, review of the manufacturing processes, review of the raw materials, etc.

We receive regular schedules from the customer to ensure visibility in terms of our production schedules. Most of our key customers such as Eaton Vehicle Group, Eaton Aero, Volvo Group India Private Limited, ITP Externals SLU, Marshall Aerospace and Defence Group, Marelli Powertrain India Private Limited, Danfoss, UD Trucks Corporation typically share 12 month visibility or schedules with us, to enable planning of resources in advance.

The purchase orders issued by the customers specify the type of components, the quantity and the cost for each batch of orders placed. The purchase orders are revised from time to time, on mutual terms and conditions, including price escalation on mutual terms for any increase in cost of raw material and transportation.

Global delivery service model

Our Company has a global delivery platform for supplying precision components, machined castings and forgings including sub-assemblies to our customers through third party warehousing facilities situated in the USA and Europe. We have arrangements with our third party warehousing facilities to stock our products for ensuring timely delivery as per the requirement of the customers. The warehousing facilities availed by us are determined on the basis of customer concentration in a specific geographical location and are inspected and approved by our customers prior to our entering into contractual arrangements with the facility provider. We propose to expand our delivery model to new geographies to cater to the requirement of our existing as well as prospective customers. We also deliver our products directly to warehouses maintained by our customers across various geographies. We use third party logistic service providers for the shipment of our products to our customers located in various geographical locations.

Set out below is a snapshot of our global service delivery model:

Sales and marketing process

We have a strong and reliable network for marketing and servicing customers across four continents and over 27 countries, including, United States, France, Sweden, Italy, Slovakia, England, Japan, Spain, Poland and Germany. Our 'one stop shop' supplier status helps us to increase our sales across various Products and solutions to our existing customers.

We strive towards building lasting relationships with our existing customers through frequent visits to their sites and by instituting training programs for our technical personnel at the facilities of certain customers. For instance, some of our Tier

I Customers in the aerospace sector have instituted training programs for our technical personnel at their facilities.

The Maini Group has participated as an exhibitor, in many aero shows, including, Aero India 2017, Aero India 2019, DefExpo 2020, and Aero India 2021 to showcase our capabilities along with the capabilities of other Maini Group entities on national and global platforms.

Quality control, certifications and accreditations

In order to maintain the quality standards and comply with the design specifications provided by our customers, we follow a stringent quality control mechanism. At each stage of the manufacturing process, the precision products are checked by our operators for all critical parameters. We have introduced automatic gauging stations as well as other stations that can check the products automatically through visual cameras to ensure there is no defect from the previous stage operator. Separately, representatives of our customers regularly inspect our manufacturing facilities and the manufacturing processes. Additionally, we have a separate team of engineers responsible for quality assurance both in the manufacturing facilities, plant and machineries, and in the manufacturing processes.

Our various manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems and specialized processes. Some of the certifications received by our manufacturing facilities include IATF, ISO 14001, ISO 45001, NADCAP, AS9100.

For further details of accreditations and certifications see "*Our History and Certain Corporate Matters*" on page 270.

Health, safety and environment

We believe in the strict adherence of laws and regulations relating to protection of human health and safety, and the environment. We follow high standards of work safety measures and standards, and our equipment and working conditions promote a healthy and safe work environment. Our facilities and personnel are well versed with laws and regulations governing the management and disposal of hazardous substances, and we intend to make our operations more environmentally sustainable in the future. All our existing manufacturing units are certified ISO 14001:2004 by Environmental Management System and occupational, health & safety assessment series by ISO 45001. We have installed a sewage treatment plant for the purpose of treating and re using the waste and industrial wastes and all discharges are disposed of regularly. We also conduct regular emissions tests and all our wastes are disposed through approved authorised agents of the pollution control board.

In addition to various laws and regulations, we also abide by the internal practices and standards on safety that we have established internally. We also have emergency evacuation plan and the same is duly displayed across the organisation at all relevant places. We also conduct regular training, programmes, mock drills at regular intervals, to educate and prepare our employees for emergency and evacuation situation.

Human resources and employee training

As on June 30, 2021, we had 2,493 employees, of whom around 675 persons are skilled and technically qualified trade union employees.

We are dedicated to the development of the expertise, skill sets and know-how of our employees. Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration and promoting the development of their skills, including through in-house and on-site as well as external training programmes. We follow a training philosophy where our belief is in the power of craftsmanship and our goal is of blending global technology with Indian skill sets.

Our training and development module is aimed towards providing training for technical apprentices and technical supervisors in a well-structured manner. We select our skilled and technically qualified employees on the basis of their performance in the apprenticeship training certificate for the trade test issued by the Ministry of Labour and Employment under the National Council for Vocational Training program, and work towards developing their skills from an apprentice level to a technician by constantly enhancing their core competence and efficiency. We regularly transfer our employees internally for cross-disciplinary training and knowledge management, and promote the best performers in the automotive & industrial sector to the aerospace sector as per our requirements.

Our technical capabilities are further enhanced by personnel trained in and certified for super specialized activities such as 'non-destructive testing', for which we have an in-house ASNT Level-3 certified, Boeing certified, and Honeywell Source Certified Agent (SCA) approved employee.

Our employees form part of three trade unions. As on June 30, 2021, 675 of our workmen form part of the trade unions.

Training and Development is one of the main functions of the human resource management department.

We have been associated with QCFI for operational excellence initiatives and we have provided these platforms to our employees to showcase their achievements to other industries. This has provided us a learning platform where teams participate and win awards. We won 69 Gold awards in 2021 for QCFI Bangalore chapter.

Intellectual Property

We do not have any registered trademarks. Our Company has entered into a trademark license agreement dated July 15, 2015 ("**License Agreement**") with Maini Industrial Consultants ("**MIC**"), a proprietorship concern represented by its proprietor. In terms of the License Agreement, our Company has been provided with the license to use the trade name, trademark and logo associated with the "Maini" and "Maini Precision Products" brand name and logo, which are owned by MIC, in consideration for a license fee of ₹100,000 per annum. The License Agreement is valid in perpetuity unless terminated by either our Company or MIC in terms of the License Agreement.

Immovable Properties

Our registered office is located at B-165, Peenya Industrial Estate, Bengaluru 560 058, Karnataka, India. The land on which our registered office is located is owned by us. The parcels of land on which our 11 manufacturing facilities in Bengaluru are located, having a combined area of approximately 136,498 sq. ft, are either owned or leased by us. Out of the 11 manufacturing units we own four manufacturing units and seven manufacturing units are used by us on a leasehold basis.

Details of the land on which our manufacturing facilities are located are set forth in the table below:

Manufacturing facility	Address	Owned / leased	Expiry date of lease
Automotive & Industrial - Peenya	B-59, 2nd Cross, 1st Stage, Peenya Industrial Area, Tumkur Road, Bangalaore-560058	Owned	N.A.
Automotive & Industrial – Peenya	B-165, 3rd Cross, 1st Stage, Peenya Industrial Area, Tumkur Road, Bangalaore-560058	Owned	N.A.
Automotive & Industrial Bommasandra	5A, Bommasandra Industrial Area, Bangalore-562158	Owned	N.A.
Aerospace & Defence-Bommasandra	122 C, Bommasandra Industrial Area, Bangalore-562158	Owned	N.A.
Automotive & Industrial – Peenya	No. SB-163, 3rd Cross, 1st stage, Peenya Industrial Estate, Bangalore -58	Leased	March 31, 2022
Automotive & Industrial- Peenya	C-217, 4th cross, 1st stage, Peenya Industrial Estate, Bangalore -58	Leased	November 30, 2022
Filters - Nelmangala	169, Nelamangala, Bangalore	Leased	April 30, 2023
Automotive & Industrial– Bommasandra	No. 77, Jigani Link Road, Jigani	Leased	May 31, 2024
Automotive & Industrial – Bommasandra	No. 108, Jigani Link Road, Jigani	Leased	December 31, 2021
Aerospace & Defence-Bommasandra	122 A, 122 D, 122 E, Bommasandra Industrial Area, Bangalore-562158	Leased	March 31, 2022* and November 30, 2028** and
Automotive & Industrial – Peenya	16-B, Phase-1, Peenya Industrial Area, Bangalore-560058	Leased	October 31, 2027

**For 122 D and 122 E.*
*** For 122 A.*

Insurance

We maintain insurance policies with independent insurers in respect of our products, aviation cover buildings, employees, life insurances, equipment and certain inventories, marine sales turn over, mediclaim policy, general liability insurance, directors and officers' liability insurance, trade credit, public liability, general commercial liability, product recall liability insurance, covering losses due to fire, burglary and a range of natural disasters, as well as money insurance policy.

Competition

Our global outreach and diversified product mix naturally means that there are several manufacturers of varying sizes across the world who we compete with directly in relation to specific sectors, segments, sub-segments or geographies in respect of some of our products.

We also believe that our ability to offer end-to-end solutions to our customers, along with individual components, and our emphasis on the global delivery service model to meet our customers' varying requirements, differentiate us from our competition and also effectively functions as an entry barrier for suppliers that who do not have the benefit of a global delivery service model that we have built and developed over the years.

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General competitive factors in the market, which may affect the level of competition over the short and medium term, include vulnerability to overall macroeconomic factors, time to market, availability of after-sale and logistics support, innovation, technological enhancement, product features, design, quality, price, delivery, warranty, general customer experience, market trends and relationships between suppliers and their customers.

As per CRISIL Report, India has successfully built a manufacturing sector for capital goods, consumer goods and automotive products. The key drivers are the country's competitive labour cost, large pool of well-qualified engineering talent, growing consumption, and attractive loan products and policies to attract foreign OEMs. A mature automotive sector in India is ideally suited to be part of the aerospace supply chain since an automotive manufacturing set-up deals with a large number of components and the suppliers are in different tiers. The existing infrastructure can be leveraged to develop aerospace component manufacturing in India. Stringent credit norms and availability of credit information through the Credit Information Bureau (India) Ltd (CIBIL) have helped players widen their customer bases. The industry has witnessed strong competition with new players in the form of non-banking financial companies (NBFCs) targeting those markets that banks exited, and captive NBFCs (operated by two-wheeler manufacturers) largely focusing on non-metros. The Indian automobile ancillary sector is transforming itself from a low-volume, highly fragmented sector into a competitive industry, backed by competitive strengths and investments in research and development, resulting in technological improvements. The Indian automotive industry is characterised by strong competition among increasingly quality-conscious manufacturers. The large, highly skilled but low-cost manufacturing base makes partnering linkages with overseas players attractive. These strengths, coupled with India's well-established strengths in IT/software, make India an emerging player in this sector. The industry has been continuously upping its quality standards and developing new products to compete globally.

The engineering manufacturing industry is very fragmented, but established players with developed technological expertise create entry barriers for new players, especially in precision engineering sectors such as defence, aerospace nuclear, space and aircraft. Global aircraft makers have been facing shortage in the casting and forging space over the past five years. We are capitalizing on this opportunity by localising the casting and forging value chain by getting requisite source approvals from engine and aircraft manufacturers. Indian aerospace industry is growing rapidly with technological advancement in manufacturing processes and lower costs, which have attracted global aerospace majors into the country. Lower cost of manufacturing and availability of technically skilled manpower increases India's competitiveness. Leading precision component manufacturers are also making investments in advanced technology. Indian companies are now also becoming tier-I suppliers to global aircraft majors. In the precision component manufacturing industry, adherence to quality standards is a critical factor as any defects in any of the components manufactured, or failure to comply with the design specifications, may result in risk of failure of an equipment or component assembly. We manufacture a wide range of precision product components with close tolerances (of up to 3 microns). According to the CRISIL Report, our competitors in precision engineering sector globally and domestically are Aequs, Barnes Group Inc, Bharat Forge, Circor International Inc, Dynamatic technologies, Godrej & Boyce, Kongsberg Gruppen Asa, Hexcel Corp, Howmet Aerospace Inc, Lakshmi Machine Works, L&T, Mahindra Defence Systems, Meggitt Plc, MTAR Technologies, Sansera Engg, Schaeffler India, SKF India, Sona Comstar, Sundram Fasteners, Transdigm Group and Triumph Group Inc.

Corporate Social Responsibility ("CSR")

We believe that corporate social responsibility is an integral part of our operations. We are committed to offering ethically purchased and responsibly produced components of the highest quality. Our CSR initiatives are aligned with the requirements under the Companies Act, 2013 and strive to contribute to our commitment towards the community by committing our resources and energies to social development.

Our Promoters are actively involved in the setting up and functioning of Gramothan Foundation, a public welfare trust founded with the objective of improving the standard of tribal and rural life in India through teaching, training and education. Our Promoters have also established and currently manage the Maini Samaj Kalyan Kendra, a charitable trust with the objective of providing financial aid and donations to educational, medical or other charitable trusts or institutions, giving scholarships and awards to deserving underprivileged students, for providing financial aid to poor patients to meet the medical expenses and, providing aid relief funds during natural calamities etc.

KEY REGULATIONS AND POLICIES

The following description is a summary of certain relevant laws and regulations as prescribed by the Government of India or state governments which are applicable to our Company. The information in this chapter has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and isnot exhaustive and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

INDUSTRY SPECIFIC LEGISLATIONS

Bureau of Indian Standards Act, 2016 ("Bureau of Indian Standards Act")

The Bureau of Indian Standards Act provides 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; and (c) make such inspection and take such samples of any material or substance as may be necessary.

Legal Metrology Act, 2009 ("Metrology Act")

The Metrology Act aims 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. 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.

Steel and Steel Products (Quality Control) Order, 2020 ("Quality Control Order 2020")

The Quality Control Order 2020 was notified by the Ministry of Steel, Government of India, to bring specified 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.

Duty Drawback Scheme, 2020

The duty drawback scheme is an option available to exporters. Under this scheme, an exporter of goods is entitled to a refund of the excise duty and integrated goods and services tax paid by him on the inputs used in the products exported by him. It neutralizes the duty impact on the goods exported by giving a relief on customs and central excise duties suffered on the inputs used in the manufacture of export product. The Customs and Central Excise Duties Drawback Rules, 2017, as amended (the "Drawback Rules") have also 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.

National Electric Mobility Mission Plan 2020 ("NEMMP")

The NEMMP, which was released in 2013, is a vision and the roadmap for the faster adoption of electric vehicles and their manufacturing in the country. This plan has been designed by the Ministry of Heavy Industries and Public Enterprises to enhance national fuel security, to provide affordable and environmentally friendly transportation and to enable the Indian automotive industry to achieve global manufacturing leadership. Further, it is also proposed to establish necessary charging infrastructure for electric vehicles across India.

As part of the NEMMP, a scheme was formulated namely, Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India Scheme ("FAME India") in the year 2015 to promote manufacturing of electric and hybrid vehicle technology and to ensure sustainable growth of the same ("Phase-I Scheme"). The Phase-I Schemewas initially launched for a period of two years, commencing from April 1, 2015, which was subsequently extended from time to time and the last extension was allowed up to March 31, 2019. Department of Heavy Industry has notified Phase-II of the Fame India scheme, with an outlay of ₹ 10,000 crore for a period of three years commencing from April 1, 2019 ("Phase-II Scheme"). The main objective of the Phase-II Scheme is to encourage faster adoption of electric and hybrid vehicle by way of offering upfront incentive on purchase of electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles.

Automotive Mission Plan 2016-2026 ("AMP")

The Ministry of Heavy Industries and Public Enterprises, Government of India released the AMP in September 2015 with the objective of making the Indian automotive industry an integral part of the "Make in India" initiative. This plan aims to, among others, promote safe, efficient and comfortable mobility for every person in the country along with environmental protection and affordability through both public and personal transport options.

The Industries (Development and Regulation) Act, 1951 ("I (D&R) Act")

The I (D&R) Act provides for the development and regulation of specified industrial undertakings. The I (D&R) Act has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector.

An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("**IEM**") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required under the I(D&R) Act.

ENVIRONMENTAL LAWS

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes listed below is to control, abate and prevent pollution. In order to achieve these objectives, pollution control boards ("**PCBs**"), which are vestedwith 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 of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be periodically renewed.

The Environment (Protection) Act, 1986 ("EPA")

The EPA is an umbrella legislation designed to provide a framework for the Government of India to protect and improve the environment. The EPA vests with the Government of India the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for the quality of environment, standards for emission of discharge of environment pollutants from various sources as provided under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, and examination of manufacturing processes and materials likely to cause pollution.

The Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act aims to prevent and control water pollution by factories and manufacturing units and maintain and restore the quality and wholesomeness of water. Under the Water Act, any person establishing any industry,operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant state pollution control board, whichis empowered to establish standards and conditions that are required to be complied with.

The Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act provides for the prevention, control and abatement of air pollution. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state PCB prior to establishing or operating such industrial plant. The state pollution control board must decide on the application within a period of four months of receipt of such application. The consent may contain certain conditions relating to specifications of pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the state PCB.

The Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2016 ("Hazardous Wastes Rules")

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste. The Hazardous Wastes Rules impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the relevant pollution control board. The occupier, the transporter, the operator and the importer are liable for damages caused to the environment resulting from improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the relevant state PCB.

The Noise Pollution (Regulation & Control) Rules, 2000 ("Noise Regulation Rules")

The Noise Regulation Rules regulate noise levels in industrial, commercial, residential and silence zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near educational institutions, courts, hospitals, or other institutions.

LABOUR LAW LEGISLATIONS

Factories Act, 1948

The Factories Act, 1948 ("**Factories Act**") defines a "factory" to cover any premises which employs ten ormore workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has 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. 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 is an indicative list of labour laws applicable to the business andoperations of Indian companies engaged in manufacturing activities:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Maternity Benefit Act, 1961;
- Industrial Disputes Act, 1947;
- Shops and Establishments Legislations;
- Contract Labour (Regulation and Abolition) Act, 1970; and
- Employees' Compensation Act, 1923.
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
- The Industrial Employment Standing Orders Act, 1946.
- The Child Labour (Prohibition and Regulation) Act, 1986.
- The Equal Remuneration Act, 1976.
- The Trade Unions Act, 1926 and the Trade Union (Amendment) Act, 2001.
- Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996.
- The Code on Wages, 2019*.
- The Occupational Safety, Health and Working Conditions Code, 2020**.
- The Industrial Relations Code, 2020***.
- The Code on Social Security, 2020****.

**The Government of India enacted 'The Code on Wages, 2019' which received the assent of the President of Indiaon August 8, 2019. The provisions of this code yet to be implemented. 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 are yet to be implemented. 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 are yet to be implemented. 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 are yet to be implemented. 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.*

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, subject to compliance with certain prescribed pricing guidelines and reporting requirements

Foreign Trade (Development and Regulation) Act, 1992 ("FTA")

The FTA seeks to increase foreign trade by regulating imports and exports to and from India. The FTA read with the Indian Foreign Trade Policy, 2015-20 provides that a person or company can make no exports or imports without having obtained an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the Office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Foreign Trade Policy 2015-20 ("EXIM Policy")

Under the Foreign Trade Policy, the Government of India is empowered to periodically formulate the EXIM Policy and amend itthereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The EXIM Policy provides for certain schemes for the promotion of export of finished goods and import of inputs.

Export Promotion Capital Goods Scheme 2020 ("EPCG 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 prescribedamount 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-fulfilment 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. GST provides for imposition of tax on the supply of goods or services and will be levied by the Central Government and by the state government including union territories on intra-state supply of goods or services. Further, Central Government levies GST on the inter-state supply of goods or services. 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. In 2019, the Government has also passed an amendment act pursuant to which concessional rates of tax are offered to a few domestic companies and new manufacturing companies.

The Customs Act, 1962 as amended, regulates import of goods into and export of goods from India by providing for levy and collection of customs duties on goods in accordance with the Customs Tariff Act, 1975. Any Company requiring to import or export goods is first required to get registered under the Customs Act and obtain an Importer Exporter Code under FTDR. Customs duties are administrated by Central Board of Indirect Tax and Customs under the Ministry of Finance.

INTELLECTUAL PROPERTY

Intellectual property rights refer to the general term for intangible, intellectual, industrial property rights through patents, copyrights and trademarks and includes geographical indications, trade secrets, and confidential information. In India, patents, trademarks and copyrights enjoy protection under both statutory and common law. The key legislations governing intellectual property in India and which are applicable to our Company are the Patents Act, 1970, Copyright Act, 1957, the Designs Act, 2000 and the Trade Marks Act, 1999.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as "*Maini Precision Products Private Limited*" on March 3, 1973 at Bengaluru as a private limited company under the Companies Act, 1956, and a certificate of incorporation was issued by the RoC. Pursuant to a special resolution passed by our Shareholders at the extraordinary general meeting held on August 26, 2015, our Company was converted from a private limited company into a public limited company and the name of our Company was changed to "*Maini Precision Products Limited*" and a fresh certificate of incorporation consequent upon conversion to a public limited company and such change of name was issued to our Company by the RoC on September 9, 2015.

Change in the Registered Office

Except as stated below, there has been no change in the Registered Office of our Company since incorporation:

Effective Date	Details of change	Reason for change
April 1, 1974#	The Registered Office of our Company was changed from 1/1 Cunningham Road, Bengaluru to B-226, Functional Industrial Estate, Peenya, Bengaluru	For operational and business requirements
January 1, 1975#	The Registered Office of our Company was changed from B-59, Functional Industrial Estate, Peenya, Bengaluru to 439 Rajmahal Vilas Extension, Bengaluru	
August 16, 1982	The Registered Office of our Company was changed from 439 Rajmahal Vilas Extension, Bengaluru to 6th Floor, Devatha Plaza, Residency Road, Bengaluru	
January 29, 2007	The Registered Office of our Company was changed from 6th Floor, Devatha Plaza, Residency Road, Bengaluru to B-165, 3rd Cross, 1st Stage, Peenya Industrial Estate, Bengaluru	

We have been unable to trace the form filings and complete set of corporate resolutions filings, and other records, in relation to changes in registered office. Accordingly, disclosures in relation to the specific changes in registered office have been made in reliance of (i) the board resolutions for the registered change, and (iii) certificate dated December 13, 2021 from Venkatesh Prasad S, Practicing Company Secretary. Please also see "Risk Factors – Some of our corporate records relating to changes in the share capital of our Company, allotments made by our Company are not traceable" on page 47.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as mentioned below:

"1. To carry on the business of the manufacturers, designers, buyers, sellers, distributors, agents, dealers, importers and exporters of Precision tools of all types and descriptions, components, parts, machine tools and hardware of all kinds.

2. To carry on business of manufacturers and dealers in screws, nails, bolts and nuts, rivets and all other sophisticated tools.

3. To carry on business of manufacturers, importers and exporters and dealers in metals, machinery apparatus, and accessories of all types.

4. To carry on business of iron founders, mechanical engineers, manufacturers of agricultural implements, tools and other machinery tool makers, brass-founders, metal workers, mill-wrights, machinists, iron and steel converters, metallurgists and electrical engineers."

The main objects as contained in the MoA enable our Company to carry on the business presently being carried out and the activities proposed to be undertaken pursuant to the objects of the Offer.

Amendments to our Memorandum of Association in the last 10 years

Except as disclosed below, there have been no amendments to our Memorandum of Association in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Date of Shareholders Resolutions	Particulars
August 14, 2015	The authorised share capital of our Company was consolidated from ₹ 20,000,000 divided into 150,000 equity shares of face value of ₹ 100 each and 50,000 preference shares of face value of ₹ 100 each to ₹ 20,000,000 divided into 2,000,000 equity shares of face value of ₹ 10 each.

Date of Shareholders Resolutions	Particulars
August 14, 2015	The authorised share capital of our Company was increased from ₹ 20,000,000 divided into 2,000,000 equity shares of face value ₹ 10 each to ₹105,000,000 divided into 10,500,000 equity shares of face value ₹ 10 each.
August 26, 2015	The authorised share capital of our Company was increased from ₹ 105,000,000 divided into 15,000,000 equity shares of face value ₹ 10 each to ₹120,000,000 divided into 12,000,000 equity shares of face value ₹ 10 each.
July 26, 2016	The authorised share capital of our Company was increased from ₹ 120,000,000 divided into 12,000,000 equity shares of ₹ 10 each to ₹ 405,000,000 divided into 12,000,000 equity shares of ₹ 10 each and 28,500,000 compulsorily convertible preference shares of ₹ 10 each.
October 27, 2021	The authorised share capital of our Company was consolidated from ₹ 405,000,000 divided into 12,000,000 Equity Shares of ₹ 10 each to ₹ 405,000,000 divided into 60,000,000 Equity Shares of face value of ₹ 2 each and 28,500,000 compulsorily convertible preference shares of ₹ 10 each.

Major events and milestones

The table below sets forth some of the major events and milestones in the history of our Company:

Calendar Year	Event /milestone
1981	Obtained factory license from Department of Factories and Boilers, Government of Karnataka, to commence work at B-165, 3rd Cross, Peenya Industrial Area, Bengaluru
1987	Obtained factory license from Department of Factories and Boilers, Government of Karnataka, to commence work at 5A, Bommasandra Industrial Area, Bengaluru
2005	Obtained factory license from Department of Factories and Boilers, Government of Karnataka, to commence work at B-163, 3rd Cross, Peenya Industrial Area, Bengaluru
2005	Investments from Ambadevi Mauritius Holding Limited in our Company
2008	Obtained factory license from Department of Factories and Boilers, Government of Karnataka to commence work at C-217, 4th Cross, Peenya Industrial Area, Bengaluru
2013	Obtained factory license from Department of Factories and Boilers, Government of Karnataka, to commence work at 169, Bypass Road, Kasaba Hobli, Nelamangala Town, Bengaluru

Key awards, accreditations or recognitions

The table below sets forth some of the awards, accreditation or recognitions received by our Company:

Year	Awards Received
2010 – 11	Best Supplier Award for Consistent overall rating Quality" from DELPHI-TVS, Diesel System Ltd
2010	Best Quality Performance-Global" from EATON Vehicle Group
2011	Best Supplier Award for Quality - DELPHI-TVS
2011 - 12	Star Performer – Metal Fasteners, Springs and Miscellaneous Articles made from Metal Wire – Large Enterprises Category
2013 – 14	Best Supplier- Lean & Fast 2015
2014	Best Exporter Award in Special Category from Federation of Karnataka Chambers of Commerce and Industry
2014	Star Performer Award – Engines and Turbines and Parts thereof – Large Enterprises Category
2014	Star Performer Trophy – Miscellaneous General Purpose Machinery – Large Enterprise
2015	Star Performer Award – Bearings, Gears, Gearing and Driving Elements and Parts- Large Enterprise category
2015	Export Excellence Award 2018 – Special Recognition Award in Manufacturing Large Category
2104 – 15	Best Quality Performance-Global" from EATON Vehicle Group
2014 – 15	Best Supplier Award for Quality - DELPHI-TVS
2015 – 16	Star Performer – Metal Fasteners, Springs and Miscellaneous Articles made from Metal Wire – Large Enterprises Category
2015 – 16	"Bosch Supplier Award – 2014" for India Region
2018	Best Exporter Award in Special Category

Time and cost overrun in setting up projects by our Company

Our Company has not experienced any time or cost overruns in relation to any projects set up by our Company.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions.

Mergers or amalgamation

Our Company has not undertaken any merger, demerger or amalgamation in the last 10 years preceding the date of this Draft Red Herring Prospectus.

For further details in relation to capacity/facility creation, location of plants, launch of key products or services, entry in new geographies or exit from existing markets, see "*Our Business*" on page 238.

Details regarding material acquisitions or divestments of business/undertakings, and any revaluation of assets in the last 10 years

Our Company has not acquired any material business or undertaken any divestments of business or undertaking or revaluation of assets in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Lock-out and strikes

There have been no instances of strikes or lock-outs at any time in our Company.

Launch of key products or services, entry into new geographies or exit from existing markets

For further details in relation to launch of key products or services, entry in new geographies or exit from existing markets, see "*Our Business*" on page 238.

Significant financial and/or strategic partners

Our Company does not have any significant financial and / or strategic partners as of the date of this Draft Red Herring Prospectus.

Details of shareholders' agreements

Except as disclosed below, our Company does not have any our subsisting shareholders' agreements among our Shareholders *vis-a-vis* our Company:

Amended and restated shareholders agreement dated July 10, 2019 entered into by our Company, Gautam Maini, Sandeep Kumar Maini, Chetan Kumar Maini, M/s. Red Clover, The Maini Family Trust, Vippen Sareen, Arun Rajagopalan, Amit Giriraj Mohatta, One – Up Financial Consultants Private Limited, Paragon Partner Growth Fund-I ("Paragon") and NewQuest Asia Investments II Limited ("NewQuest" together with Paragon "Investors") (collectively, the "SHA Parties" and such agreement, the "SHA") read with the amendment agreement dated December 6, 2021 ("SHA Amendment Agreement")

The SHA Parties entered into the SHA to record their understanding with respect to their mutual rights and obligations, and to set out the terms and conditions governing their relationships, as shareholders of our Company. Pursuant to the SHA, Paragon and NewQuest are, amongst other things, currently entitled to certain rights *vis-à-vis* our Company. These rights include (i) the right to appoint two nominee directors to our Board, (ii) requirements for prior approval in relation to certain matters concerning our business and corporate affairs, (iii) rights in relation to corporate governance including quorum requirements, restrictions on issuance of equity shares, and (iv) certain information and inspection rights pertaining to the operations and financials of our Company, and (v) exit rights including by way of undertaking an initial public offering, drag- along, tag-along rights, right of first refusal, right of first offer, in the event of any proposed transfer of shares by other party, and (vi) rights of the Investors to vote on certain specified matters, which include, inter alia, any change in the line of business or commencement of a new line of business, raising or issuing any new debt and any change in the constitution, number of structure of the board of directors of our Company.

Pursuant to SHA Amendment Agreement, Paragon shall have the right to appoint one nominee director to the Board of our Company as long as it holds 10% or more of the issued and paid-up equity share capital of the Company and it shall cease to have a right to appoint the nominee director once its shareholding falls below the above threshold. Additionally, in terms of the SHA Amendment, our Promoters have the right to appoint three nominee directors to the Board of our Company. Each of Paragon and the Promoters shall be entitled to appoint alternate Directors for any of their respective nominee Directors, in accordance with Applicable Law. These nominee director rights of the Promoters and Paragon are subject to the approval of Shareholders by way of a special resolution in the first general meeting to be convened by our Company post the Offer. The SHA Amendment Agreement also determines the division of cost, charges, fees and expenses in relation to this initial public offer to be borne amongst the Investor Selling Shareholders and the Company.

Further, under the SHA Amendment Agreement:

- The Series A CCPS and Series B CCPS will be converted into Equity Shares at an agreed conversion price prior to the filing of the Red Herring Prospectus with the RoC;
- If NewQuest and Paragon receive an IRR of more than 30% on their respective portion of Series A CCPS investment, there will be 100% upside sharing between NewQuest, Paragon and the Promoters which is above 30% gross pre-tax IRR to the extent that the Promoters are compensated for the gap between the Series A pre money equity valuation and the valuation in the SHA Amendment Agreement;
- If the Promoters claw back to a pre money valuation as agreed in the SHA Amendment Agreement, the upside sharing between Paragon and the Promoters and NewQuest and Promoters will be from the pre-tax IRR amount received by Paragon and NewQuest (as applicable) over and above the 30% and after the Promoters clawback in the ratio of 70:30, respectively; and
- The upside sharing arrangement shall be effectuated between the Promoters and Investors, prior to the filing of Red Herring Prospectus with the RoC.

The SHA shall automatically terminate on upon listing of the Equity Shares of our Company, without any party being required to take any further action or furnish any notice under the SHA. The SHA Amendment Agreement shall automatically terminate in the event the Offer does not occur on or prior to April 30, 2022, or such date as may be mutually extended by the parties to the SHA Amendment Agreement. Furthermore, in the event of termination of SHA Amendment Agreement, the SHA shall continue to remain in full force.

Other agreements

Except as disclosed below, our Company has not entered into any other subsisting material agreements, other than in the ordinary course of business**:**

Share subscription agreement dated July 10, 2019 entered into by our Company, Gautam Maini, Sandeep Kumar Maini, Chetan Kumar Maini, Paragon Partners Growth Fund – I and NewQuest Asia Investment II Limited (collectively, the "Parties" and such agreement, the "SSA")

Pursuant to the SSA, Paragon Partners Growth Fund – I ("**Paragon**") and NewQuest Asia Investment II Limited ("**NewQuest**") (Paragon and NewQuest collectively referred to as "**Investors**") subscribed to the equity shares of the Company and recorded the terms of subscription on which the Investors will subscribe to their respective shares. In terms of the SSA, Paragon paid for and subscribed to 478,604 Series B CCPS at a price of ₹400 per share for an aggregate amount of ₹ 191,441,600, while NewQuest paid for and subscribed to 146,396 Series B CCPS at a price of ₹400 per share for an aggregate amount of ₹ 58,558,400. The SSA lays out, inter alia, the (i) mode of subscription, issuance and allotment of Investor Shares, (ii) form and payment of the consideration amount, (iii) compliances to be implemented pursuant to fulfilment of conditions precedent as laid out in the SSA, and (v) the representations, warranties and indemnity given by each Party.

Share Purchase Agreement dated June 20, 2019 entered into between Sandeep Kumar Maini and One – Up Financial Consultants Private Limited (collectively, the "Parties" and such agreement, the "SPA")

Sandeep Kumar Maini entered into a share purchase agreement with One – Up Financial Consultants Private Limited for the sale of 102,678 equity shares of the Company. The SPA lays out, inter alia, the representations and warranties given by each of the Parties and defines the conditions upon which the sale and purchase of shares would be completed.

Share Purchase Agreement dated May 28, 2019 entered into between Sandeep Kumar Maini and Brioso Co. Pty Limited (collectively, the "Parties" and such agreement, the "SPA")

Sandeep Kumar Maini entered into a share purchase agreement with Brioso and Co. Pty Limited for the sale of 161,297 equity shares of the Company. The SPA lays out, inter alia, the representations and warranties given by each of the Parties and defines the conditions upon which the sale and purchase of shares would be completed.

Share Purchase Agreement dated April 22, 2019 entered into between Sandeep Kumar Maini and Amit Mohatta (collectively, the "Parties" and such agreement, the "SPA")

Sandeep Kumar Maini entered into a share purchase agreement with Amit Mohata for the sale of 48,476 equity shares of the Company. The SPA lays out, inter alia, the representations and warranties given by each of the Parties and defines the conditions upon which the sale and purchase of shares would be completed.

Trademark License Agreement dated July 15, 2015 entered into between Maini Industrial Consultants and our Company

Our Company has entered into a trademark license agreement dated July 15, 2015 ("**License Agreement**") with Maini Industrial Consultants ("**MIC**"), a proprietorship concern represented by its proprietor. In terms of the License Agreement, our Company has been provided with an irrevocable and non – exclusive license to use, sub – license, advertise, market and exercise all rights pertaining to the trade name, trademark and logo associated with the "Maini" and "Maini Precision Products" brand name and logo, which are owned by MIC, in consideration for a license fee of ₹100,000 per annum. The License Agreement is valid in perpetuity unless terminated by either our Company or MIC in terms of the License Agreement.

Guarantees given by Promoter Selling Shareholders

Except as disclosed below and in "*Our Promoter and Promoter Group*" on page 291, Sandeep Kumar Maini and Gautam Maini have not provided any personal guarantees to third parties. Further, Chetan Kumar Maini has not provided any personal guarantees to third parties, as on the date of this Draft Red Herring Prospectus.

Particulars	Amount as on June 30, 2021 (in ₹ million)	Obligations on our Company	Period of guarantee	Financial implications in case of default	Security available	Consideration
Working capital and term loans sanctioned by Kotak Mahindra Bank to our Company	590.83	No obligation	Till closure of the facility	The guarantee will be invoked by the respective lenders	Total Net worth	Nil
Working capital and term loans sanctioned by HDFC Bank to our Company	1,134.38					
Working Capital and Terms Loans sanctioned by Axis Bank to our Company	488.16					
Working capital loan sanctioned by Kotak Mahindra Bank Limited to Armes Maini Storage Systems Private Limited	89.48					
Term loan sanctioned by Tata Capital Financial Services Limited to Armes Maini Storage Systems Private Limited	63.70					
Working capital and Term Loan sanctioned by Kotak Mahindra Bank to Maini Material Movement Limited	111.20					

Other confirmations

Neither our Promoter nor any of the Key Managerial Personnel, Directors or employees of our Company have entered into an agreement, either by themselves 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 the dealings of the securities of our Company.

Our holding company

Our Company does not have a holding company.

Our subsidiaries and joint ventures

Our Company does not have a subsidiary or joint venture.

OUR MANAGEMENT

Board of Directors

In terms of the Companies Act and our Articles of Association, our Company is required to have not less than three Directors and not more than fifteen Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises eight Directors including two Executive Directors, three Non – Executive and three Independent Directors, one of whom is a woman.

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

S. No.	Name, designation, address, occupation, date of birth, nationality, period and term and DIN	Age (years)	Other directorships
1.	**Kewal Krishan Nohria** ***Designation***: Chairman and Independent Director ***Address:*** 11, Aryavarth, N D Road, Nepean Sea Road, Mumbai 400026. ***Occupation***: Professional **Date of birth:** January 10, 1932 ***Nationality***: Indian ***Period of Directorship and Term***: For a period of 5 years since July 22, 2020 ***DIN***: 00060015	89	*Indian Companies* • Maini Materials Movement Private Limited • CoreEL Technologies (India) Private Limited • Grow Talent Company Limited • Jolly Board Limited • Pradeep Metals Limited *Foreign Companies* Nil
2.	**Gautam Maini** ***Designation***: Managing Director ***Address:*** Villa No. 55 and 56, Vaswani Whispering Palms, Marathahalli, Bengaluru - 560037. ***Occupation***: Business **Date of birth:** November 9, 1967 ***Nationality***: Indian ***Period of Directorship and Term***: For a period of three years since July 22, 2020 ***DIN***: 00667616	54	*Indian Companies* • All Terrain Solution Private Limited • Maini Materials Movement Private Limited • Armes Maini Storage Systems Private Limited • AM Motosports India Private Limited • KMaini Motorsports India Private Limited • Maini Plastics and Composites Private Limited • Racing Team India Private Limited *Foreign Companies* • AM Formula UNO Private Limited • KM Formula UNO Private Limited
3.	**Sandeep Kumar Maini** ***Designation***: Non – Executive Director ***Address:*** G-101, Lyndhurst, No.3, Walton Road Museum Road, Cobbon Park, Bengaluru – 560001 ***Occupation***: Business **Date of birth:** August 31, 1966 ***Nationality***: Indian ***Period of Directorship and Term***: Since September 19, 2007 and liable to retire by rotation ***DIN***: 01568787	55	*Indian Companies* • All Terrain Solution Private Limited • Maini Materials Movement Private Limited • Sun Mobility Private Limited • Armers Maini Storage Systems Private Limited • Page Industries Limited • Maini Plastics and Composite Private Limited *Foreign Companies* Virya Holdings Pte Limited

S. No.	Name, designation, address, occupation, date of birth, nationality, period and term and DIN	Age (years)	Other directorships
4.	**V Sridhar** ***Designation:*** Wholetime and CFO ***Address:*** Flat No. 1052, Wind Mills of your Mind, No. 331 EPIP Zone Whitefield, Bengaluru – 560 048 ***Occupation:*** Employed ***Date of birth:*** August 28, 1962 ***Nationality:*** Indian ***Period of Directorship and Term:*** For a period of five years since August 8, 2017. ***DIN:*** 02584405	59	Nil
5.	**Siddharth Deepak Parekh** ***Designation:*** Non – Executive Director ***Address:*** Flat.No. 412, B – Wing,14, Altamount Road, Grant Road, Olympus, Cumballa Hill, Mumbai - 400026. ***Occupation:*** Business ***Date of birth:*** May 4, 1979 ***Nationality:*** Indian ***Period of Directorship and Term:*** Since August 19, 2016 ***DIN:*** 06945508	42	*Indian Companies* • Capacit'e Infraprojects Limited • Neighbourhood Hospitality Private Limited • Mountain Trail Foods Private Limited • Eshakti.com Private Limited • Incred Capital Financial Services Private Limited • SRF Properties Limited • Digikredit Finance Private Limited • Fountain Stores Tech Private Limited *Foreign Companies* Nil
6.	**Niten Lalpuria** ***Designation:*** Non – Executive Director ***Address:*** 202, Shiv Niwas Dixit Cross Road, 1 Vile Parle East, Mumbai 400057. ***Occupation:*** Service ***Date of birth:*** May 21, 1979 ***Nationality:*** Indian ***Period of Directorship and Term:*** Since November 22, 2017 ***DIN:*** 07897970	42	*Indian Companies* • Eshakti.com Private Limited • Cravatex Brands Limited • GFM Retail Private Limited *Foreign Companies* Nil

S. No.	Name, designation, address, occupation, date of birth, nationality, period and term and DIN	Age (years)	Other directorships
7.	**Rukmani Menon** ***Designation:*** Independent Director ***Address:*** Flat No. 005, Building No. 8, Shanthi Park Apartments, Opposite Bangalore Central 9th Block, Jayanagar, Bangalore - 560069, Karnataka. ***Occupation:*** Advocate and Mediator ***Date of birth:*** June 9, 1959 ***Nationality:*** Indian ***Period of Directorship and Term:*** For a period of five years since October 22, 2019 ***DIN:*** 02370521	62	*Indian Companies* • Page Industries Limited • Camp Arbitration and Mediation Practice Private Limited *Foreign Companies* Nil
8.	**Rahul Matthan** ***Designation:*** Independent Director ***Address:*** 22-1, Langford Gardens, Bengaluru – 560025, Karnataka ***Occupation:*** Advocate ***Date of birth:*** January 24, 1971 ***Nationality:*** Indian ***Period of Directorship and Term:*** For a period of five years since October 27, 2021 ***DIN:*** 01573723	50	*Indian Companies* • Abbey Business Services (India) Private Limited • Ally Matthan Creations Private Limited • Taaq Music Private Limited *Foreign Companies* Nil

Relationship between our Directors

Except for Sandeep Kumar Maini and Gautam Maini who are brothers, none of our other Directors are related to each other.

Arrangement or understanding with major shareholders, customers, suppliers or others

Except for Siddharth Deepak Parekh and Niten Lalpuria, who have been appointed as Non-Executive Directors on behalf of Paragon Partners Growth Fund – I to our Board pursuant to SHA, no other Director has been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others. For details, see '*History and Certain Corporate Matters – Shareholders' Agreements*' on page 272.

Brief Biographies of Directors

Kewal Krishan Nohria is the Chairman and Independent Director of our Company. He holds a bachelor's degree in electrical engineering from Banaras Hindu University. He also holds the degree of "Doctor of Letters" (honaris causa) from Banaras Hindu University. He was the Managing Director at Crompton Greaves Limited from August 29, 1985 to May 2, 2000 and continued to be on the board of directors of Crompton Greaves Limited as Director and Chairman from May 2, 2000 to July 22, 2004. He was appointed as a Director of our Company in 1999. He has over two decades of experience in the field of engineering.

Gautam Maini is the Managing Director of our Company. He holds a bachelors' degree in commerce from Shri Ram College of Commerce and was awarded the "Hora" medal for the best student. He is the Managing Director of our Company in 1999. He has over two decades of work experience in automotive, aerospace and industrial manufacturing. He is responsible for the effective strategy, growth and functioning of our Company.

Sandeep Kumar Maini is a Non- Executive Director of our Company. He holds a bachelors' degree in industrial and production engineering from Manipal Institute of Technology. He is on the board of various companies such as Maini Plastics & Composites Private Limited, Armes Maini Storage Systems Private Limited. He is also the Managing Director of Maini Materials Movement Private Limited and is a partner at Virya Mobility 5.0 LLP. He serves as the Chairman of the Confederation of Indian Industry, Karnataka.

V Sridhar is an Wholetime Director and Chief Financial Officer of our Company. He holds bachelor's degree in commerce from the University of Madras. He is a member of the Institute of Chartered Accountants of India. He has three decades of experience in financial and accounting sector. He has previously worked with Chemcrown (India) Limited, Oil India Limited and Arvind Limited.

Siddharth Deepak Parekh is a Non – Executive Director of our Company. He has a bachelors' degree in science in economics from the University of Pennsylvania and a master's degree in business administration from Columbia University. He has several years of work experience across the US, UK and India, a majority of which involved investing in emerging markets. Prior to co-founding Paragon Partners, he served as an Investment Principal at Actis. Prior to working at Actis, he was an investment analyst at the International Finance Corporation based in Washington D.C. focusing on investing in the global manufacturing and services sectors.

Niten Lalpuria is a Non – Executive Director of our Company. He holds a bachelor's degree in engineering from University of Mumbai and a master's degree in science from Ohio University. He also holds a post-graduate diploma in management for executives from the Indian Institute of Management, Ahmedabad. Prior to joining Paragon Partners, he worked in the corporate functions department at Cipla and was a consultant at the Boston Consulting Group.

Rukmani Menon is an Independent Director of our Company. She holds a bachelor's degree in arts from University of Delhi and a masters' degree in law from University of Delhi. She has received mediation training at Bangalore Mediation Centre. She has also been appointed as member of the specialist member panel by the Singapore International Mediation Centre. She has served as an independent director on the board of Page Industries Limited and as a director on the board of CAMP Arbitration and Mediation Practice Private Limited.

Rahul Matthan is an Independent Director of our Company. He holds a bachelor's degree in law from National Law School of India University, Bangalore and is a member of the Karnataka Bar Council. He is a partner at Trilegal and has extensive experience advising on high-value TMT transactions in the country. He has worked with Companies across sectors, from telecom majors to internet and data service providers, offering advise on regulatory matters and operational issues. His expertise spans several sectors in the technology space, data protection, digital finance, cryptocurrencies, e- commerce, telecom, new media, platform technologies, technology acquisitions and biotech.

Confirmations

None of our Directors is or was a director of any company listed on any stock exchange, whose shares have been or were suspended from being traded during the five years preceding the date of this Draft Red Herring Prospectus, during the term of his/her directorship in such company.

Further, except for Kewal Krishna Nohria, who was a director in two delisted entities, the details of which are given below, none of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of his/her directorship in such company:

S. No	Name of the company	Name of the stock exchange(s) on which the company was listed	Date of delisting on stock exchange	Whether the delisting was compulsory or voluntary delisting	Reasons for delisting	Whether the company has been relisted –	Date of relisting, in the event the company is relisting	Name of the stock exchange(s) on which the company was relisted	Term of directorship (along with relevant dates) in the company
1.	CTR Manufacturing Industries Private Limited	BSE	June 28, 2004	Voluntary	Since the shares of the company were traded infrequently	No	NA	NA	July 15, 2004 – September 13, 2021
2.	Jolly Board Limited	BSE	September 11, 2013	Voluntary	Voluntary	No	NA	NA	July 27, 2005

No consideration, either in cash or shares or otherwise have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help them qualify as a director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

Payments or benefits to Directors

Our Company has not entered into any contract appointing or fixing the remuneration of a Director in the two years preceding the date of this Draft Red Herring Prospectus.

In Fiscal 2021, our Company has not paid any compensation or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the remuneration paid to them for such period.

Terms of appointment of Directors

1. *Remuneration details of our Managing Director*

Pursuant to Board and shareholders' resolution dated December 6, 2021, he is entitled to the following terms of remuneration. Further, during Fiscal 2021, our Company paid Gautam Maini a remuneration of ₹9.85 million*.

Particulars	Remuneration
Salary, Allowances, Incentives and Bonus	Fixed Salary: ₹ 12 million per annum Variable Salary: In no case, shall it exceed ₹ 10.5 million per annum
Commission	2 % of the Net Profit of the Company, included in the limit of ₹ 10.5 million per annum as variable salary.
Other benefits	In addition to the salary, allowances, incentives, bonus and commission provided above, he is entitled to encashment of leave accruals, medical reimbursement, leave eligibility, car along with driver, payment of mobile bill and office expenses reimbursement as per the rules and policies of the Company. Further, he is also entitled to provident fund, as applicable and gratuity as per Payment of Gratuity Act, 1972.

**As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to remuneration to the directors are not ascertainable and, therefore, not included above.*

2. *Remuneration details of our Wholetime Director and CFO*

Pursuant to Board and shareholders' resolution dated October 27, 2021 he is entitled to the following terms of remuneration. Further, during Fiscal 2021, our Company paid V Sridhar a remuneration of ₹6.99 million*.

Particulars	Remuneration
Salary	₹12 million per annum
Other benefits	In addition to the salary provided above, he is entitled to encashment of leave accruals, medical reimbursement, leave eligibility, car along with driver, payment of mobile bill and office expenses reimbursement.

**As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to remuneration to the directors are not ascertainable and, therefore, not included above.*

3. *Sitting fee details of our Non – Executive and Independent Directors*

Pursuant to our Board resolution dated January 7, 2015 and April 10, 2002, our Independent Directors and Non – Executive are entitled to receive sitting fees of ₹ 35,000 per meeting and ₹ 5,000 per meeting, respectively, for attending meetings of our Board and within the limits prescribed under the Companies Act, 2013 and Companies Act, 1956, and the rules made thereunder. Additionally, our Independent Directors are also entitled to reimbursement of travelling and out of pocket expenses incurred by them to attend such meetings**.**

Details of the sitting fees paid to our Independent Directors, during Fiscal Year 2021 are set forth below:

(in ₹ million per annum)

Name of Director	Sitting fees paid
Kewal Krishan Nohria*	0.14
Sandeep Kumar Maini	0.02
Siddharth Deepak Parekh**	Nil
Niten Lalpuria**	Nil
Rukmani Menon	0.14
Rahul Matthan***	Nil

**Pursuant to Board and shareholders' resolution dated March 24, 2021, Kewal Krishna Nohria is entitled to receive a commission of 0.5% on the Net Profit of our Company on an annual basis, subject to a minimum compensation of ₹150,000 per annum.*

***Siddharth Deepak Parekh and Niten Lalpuria are nominee directors in our Company and do not receive any remuneration or sitting fees.*

**** Rahul Matthan has been appointed as an independent director on October 27, 2021 and hence, did not receive any sitting fees in the previous Fiscal.*

Contingent and deferred compensation payable to our Directors

There is no contingent or deferred compensation payable to our Directors, except for commission payable to Kewal Krishna Nohria and Gautam Maini, which is included in the remuneration paid to the directors.

Bonus or profit sharing plan for Directors

Our Company does not have any bonus or profit sharing plan for our Directors. For details of the performance bonus payable to them as a part of their respective remuneration, see "*Our Management - Terms of appointment of our Executive Directors*" and "*Our Management – Sitting fees details of our Non-Executive and Independent Directors*" on page 279.

Shareholding of our Directors in our Company

Our Articles do not require the Directors to hold any qualification shares.

Details of our Directors who hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus are as follows:

Name	No. of Equity Shares
Sandeep Kumar Maini	12,375,825
Gautam Maini	9,405,865

Service contracts with Directors

There are no service contracts entered into by our Company with any of our Directors which provide for benefits upon termination of employment.

Interest of Directors

All Non – executive Directors and Independent Directors may be deemed to be interested to the extent of sitting fees and commission payable, if any, to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them. Our Executive Director may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in "*Our Management – Terms of appointment of our Directors - Remuneration to Executive Director*" on page 279.

The Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. All of the 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.

Further, none of our Directors have any interest in any property acquired during the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or in any transaction for acquisition of land, construction of building and supply of machinery.

Interest of our Directors in the promotion or formation of our Company

Except for Gautam Maini and Sandeep Kumar Maini, who are interested in the promotion of our Company as disclosed in *"Our Promoters and Promoter Group",* on page 291, none of our Directors have any interest in the promotion or formation of our Company.

Changes in the Board in the last three years

Name	Date of Change	Reason
Shubha Kulkarni	April 17, 2019	Resignation as Director
Hemang Harish Raja	June 24, 2019	Resignation as a Director
Sudarshan Kumar Maini	January 31, 2020	Resignation as a Director
Rukmani Menon	March 24, 2020	Appointment as Independent Director
Kewal Krishan Nohria	July 22, 2020	Re-appointment as Independent Director
Gautam Maini	July 22, 2020	Re-appointment as Managing Director
Rahul Matthan	October 27, 2021	Appointment as Independent Director
Tarak Bhikalal Madhani	November 10, 2021	Retirement as Independent Director

Borrowing Powers of Board

Pursuant to our Shareholders' resolution dated November 22, 2017, in accordance with Section 180(1)(c) of the Companies Act, 2013, our Board is empowered to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by our Company, may exceed aggregate of its paid up capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, provided however, the total amount so borrowed shall not exceed ₹ 2,500 million.

Corporate Governance

The corporate governance provisions of the SEBI Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges, BSE and NSE. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof, as applicable. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Kewal Krishna Nohria, Chairman
2. Rukmani Menon, Member
3. Siddharth Deepak Parekh, Member

Further, the Company Secretary and Compliance Officer of our Company shall act as secretary to the Audit Committee.

The Audit Committee was re-constituted on October 27,2021 and November 13,2021. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations and its terms of reference include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

2. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;

3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;

4. Approving payments 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;

   (b) Changes, if any, in accounting policies and practices and reasons for the same;

   (c) Major accounting entries involving estimates based on the exercise of judgment by management;

   (d) Significant adjustments made in the financial statements arising out of audit findings;

   (e) Compliance with listing and other legal requirements relating to financial statements;

   (f) Disclosure of any related party transactions; and

   (g) Modified opinion(s) in the draft audit report.

6. Reviewing, with the management, the quarterly, half-yearly and annual 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 utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;

8. Approval or any subsequent modifications of transactions of the Company with related parties;

9. Scrutinising of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluating of internal financial controls and risk management systems;

12. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

13. 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;

14. Discussing with internal auditors on any significant findings and follow up thereon;

15. 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;

16. Discussing 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;

17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. Reviewing the functioning of the whistle blower mechanism;

19. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;

21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law;

22. Formulating a policy on related party transactions, which shall include materiality of related party transactions;

23. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services; and

24. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

25. The powers of the Audit Committee will include the following:

    (i) To investigate activity within its terms of reference;

    (ii) To seek information from any employees;

    (iii) To obtain outside legal or other professional advice;

    (iv) To secure attendance of outsiders with relevant expertise, if it considers necessary; and

26. The Audit Committee shall mandatorily review the following information:

(i) Management discussion and analysis of financial condition and result of operations;

(ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

(iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;

(iv) Internal audit reports relating to internal control weaknesses;

(v) The appointment, removal and terms of remuneration of the chief internal auditor; and

(vi) Statement of deviations:

- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and

- annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

The Audit Committee is required to meet at least four times in a year and not more than 120 days are permitted to elapse between two meetings under the terms of the Listing Regulations.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Rukmani Menon, Chairman
2. Kewal Krishna.Nohria, Member
3. Siddharth Deepak Parekh, Member
4. Rahul Matthan, Member

The Nomination and Remuneration Committee was re-constituted on October 27,2021 and November 13, 2021. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

(a) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending 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:

i. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and;

iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

(b) Formulating of criteria for evaluation of the performance of the independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director’s performance;

(e) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(f) Analysing, monitoring and reviewing various human resource and compensation matters;

(g) Determining the company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(h) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

(i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(j) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended;

(k) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

    (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

(l) Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and

(m) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Rukmani Menon, Chairman
2. Kewal Krishna Nohria, Member
3. V Sridhar, Member

The Stakeholders' Relationship Committee was constituted by our Board at their meeting held on October 27,2021 and November 13, 2021. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

(a) Consider and resolve grievances of security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc;

(b) Review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.

(c) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

(d) Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

(e) To approve, register, refuse to register transfer or transmission of shares and other securities;

(f) To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;

(g) Allotment and listing of shares;

(h) To authorise affixation of common seal of the Company;

(i) To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;

(j) To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;

(k) To dematerialize or rematerialize the issued shares;

(l) Ensure proper and timely attendance and redressal of investor queries and grievances;

(m) Carrying out any other functions contained in the Companies Act, 2013 and/or equity listing agreements (if applicable), as and when amended from time to time; and

(n) To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Sandeep Kumar Maini, Chairman
2. Kewal Krishna Nohria , Member
3. Rukmani Menon, Member
4. Niten Lalpuria, Member
5. Rahul Matthan, Member

The Corporate Social Responsibility Committee was re-constituted by our Board at their meeting held on October 27,2021 and November 13, 2021. The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

1. To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;

2. formulate and recommend an annual action plan in pursuance of its Corporate Social Responsibility Policy which shall list the projects or programmes undertaken, manner of execution of such projects, modalities of utilisation of funds, monitoring and reporting mechanism for the projects;

3. identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

4. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

5. review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

6. To recommend the amount of expenditure to be incurred on the CSR activities, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy;

7. To monitor the CSR Policy and its implementation by the Company from time to time;

8. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder.

Risk Management Committee

The members of the Risk Management Committee are:

1. Sandeep Kumar Maini, Chairman
2. Kewal Krishna Nohria, Member
3. Gautam Maini, Member
4. V Sridhar, Member

The Risk Management Committee was reconstituted by the Board at their meeting held on October 27,2021 and November 13, 2021. The scope and function of the Risk Management Committee is in accordance with the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

1. To formulate a detailed risk management policy which shall include:

   a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

b) Measures for risk mitigation including systems and processes for internal control of identified risks

c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

IPO Committee

The members of the IPO Committee are:

1. Sandeep Kumar Maini, Director
2. Gautam Maini, Managing Director
3. V Sridhar, Wholetime Director and CFO
4. Siddharth Deepak Parekh, Director

The IPO Committee was constituted by our Board at their meeting held on November 13, 2021. The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, to approve the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus, to decide the terms and conditions of the Offer, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time. The IPO Committee is constituted to undertake, inter alia, the following acts:

(a) To make applications to the Government of India, Securities and Exchange Board of India ("**SEBI**"), or to any other statutory or governmental authorities in connection with the Offer as may be required and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

(b) To finalise, approve, adopt and file the draft red herring prospectus with the SEBI, the red herring prospectus and prospectus with the SEBI, Registrar of Companies, Karnataka at Bangalore (the "**RoC**"), and other regulatory authorities (including amending, varying, supplementing or modifying the same, or providing any notices, addenda, or corrigenda thereto, together with any summaries thereof as may be considered desirable or expedient), the bid cum application forms, abridged prospectus, confirmation of allocation notes and any other document in relation to the Offer as finalised by the Company, and take all such actions in consultation with the book running lead managers (the "**BRLMs**") as may be necessary for the submission and filing of the documents mentioned above, including incorporating such alterations/corrections/modifications as may be required by the SEBI, the RoC or any other relevant governmental and statutory authorities or otherwise under applicable laws;

(c) To decide in consultation with the BRLMs on the timing, pricing and all the terms and conditions of the Offer, including the price band, Offer price, Offer size and to accept any amendments, modifications, variations or alterations thereto, and rounding off, if any, in the event of oversubscription and in accordance with Applicable Laws;

(d) To appoint and enter into arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, public offer account bankers to the Offer, sponsor bank, registrar, legal advisors, advertising agency, monitoring agency and any other agencies or persons or intermediaries to the Offer, including any successors or replacements thereof, and to negotiate and finalise and amend the terms of their appointment;

(e) To take all actions as may be necessary or authorized, in connection with the Offer for Sale, including taking on record the approval of the Selling Shareholder(s) for offering their Equity Shares including the quantum in terms of number of Equity Shares/amount offered by the Selling Shareholder(s) in the Offer for Sale, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;

(f) To authorise the maintenance of a register of holders of the Equity Shares;

(g) To negotiate, finalise and settle and to execute where applicable and deliver or arrange the delivery of the BRLMs' mandate or fee/ engagement letter, Offer agreement, share escrow agreement, syndicate agreement, underwriting agreement, cash escrow agreement, agreements with the registrar and the advertising agency and all other documents, deeds, agreements and instruments and any notices, supplements, addenda and corrigenda thereto, as may be required or desirable in relation to the Offer, with the power to authorise one or more officers of the Company to negotiate, execute and deliver any or all of the these documents;

(h) To open with the bankers to the Offer such accounts as may be required by the regulations issued by SEBI and operate bank accounts opened in terms of the escrow agreement with a scheduled bank to receive applications along with application monies, handling refunds and for the purposes set out in Section 40(3) of the Companies Act, 2013, as amended, in respect of the Offer, and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(i) To seek, if required, the consent of the lenders to the Company and/or lenders to the subsidiary (if applicable), industry data provider, parties with whom the Company has entered into various commercial and other agreements, and any other consents and/or waivers that may be required in relation to the Offer;

(j) To approve any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the uniform listing agreement to be entered into by the Company with the relevant stock exchanges, and to approve policies to be formulated under the Companies Act, 2013, as amended and the regulations prescribed by SEBI including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, (given the proposed listing of the Company);

(k) To authorise and approve, the incurring of expenditure and payment of fees, commission, remuneration and expenses in connection with the Offer;

(l) To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Offer (including anchor investors offer price), total number of Equity Shares to be reserved for allocation to eligible investors, approve the basis of allotment and confirm allocation/allotment of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLMs and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including any alteration, addition or making any variation in relation to the Offer;

(m) To issue allotment letters/confirmation of allotment notes with power to authorise one or more officers of the Company to sign all or any of the aforestated documents;

(n) To authorise and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

(o) To do all such acts, deeds, matters and things and execute all such other documents, etc., deem necessary or desirable for such purpose, including without limitation, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;

(p) To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection;

(q) To withdraw the draft red herring prospectus, red herring prospectus and the Offer at any stage, if deemed necessary, in accordance with Applicable Laws and in consultation with the BRLMs;

(r) To negotiate, finalise, sign, execute, deliver and complete any and all notices, offer documents (including draft red herring prospectus, red herring prospectus and prospectus) agreements, letters, applications, other documents, papers or instruments (including any amendments, changes, variations, alterations or modifications thereto) on behalf of the selling shareholder(s) (as maybe applicable), as the case may be, in relation to the Offer.

(s) To make applications for listing of the Equity Shares in one or more recognised stock exchange(s) in India and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);

(t) authorisation of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Offer and to do such acts, deeds and things as such authorised person in his/her/their absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment/transfer of the Equity Shares;

(u) determine the utilization of proceeds of the Fresh Issue and accept and appropriate proceeds of the Fresh Issue in accordance with the Applicable Laws;

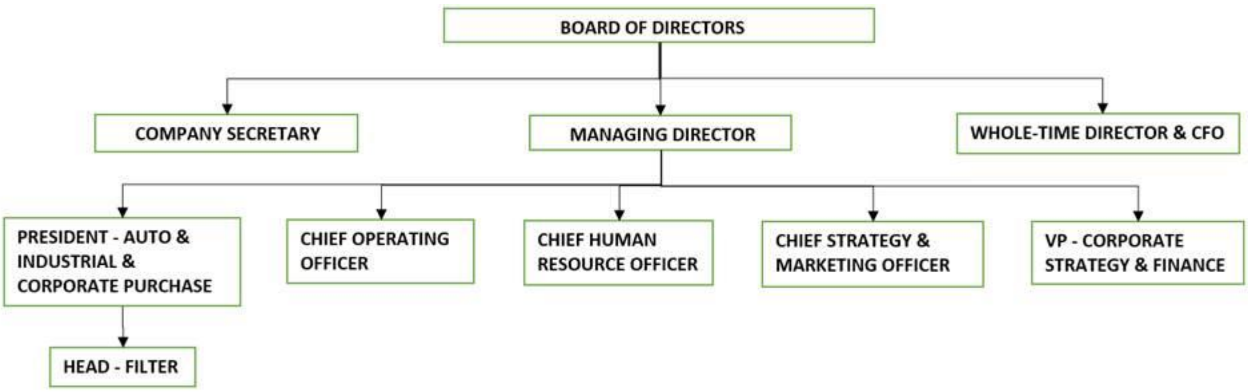
(v) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may, deem fit and to delegate such of its powers as may be deemed necessary to the officials of the Company;

(w) If deemed appropriate, to invite the existing shareholders of the Company to participate in the Offer by offering for sale the Equity Shares held by them at the same price as in the Offer;

(x) all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the Price Band, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;

(y) To decide all matters regarding the Pre-IPO Placement if any, including the execution of the relevant documents with the investors, in consultation with the Selling Shareholders and the BRLMs

Management Organisation Chart



Key Managerial Personnel

For details in relation to the Key Managerial Personnel of our Company, see "– *Brief Biographies of Directors*" and "- *Remuneration details of our Directors*" on pages 277 and 279. Additionally, please see below the details of the other Key Managerial Personnel below:

Ritesh Tukaram Haryan is the Head of marketing for the automotive and general engineering division of our Company and has been associated with our company since 2013. He holds a bachelor's degree in mechanical engineering from the University of Mumbai and a post graduate diploma in management with specialization in business design from Welingkar Institute of Management. He has over 7 years of experience in the automotive industry. Prior to joining our Company, he has worked with Raychem RPG Private Limited, a Tyco Electronics – RPG Enterprises joint venture. During Fiscal Year 2021, he received a remuneration of ₹ 1.45 million*.

P.B. Sathyanarayana is the President of the automotive and industrial division of our Company. He holds a bachelor's degree in mechanical engineering from Bangalore University. He has over two decades of experience in the field of mechanical engineering. He has previously worked with TVS Suzuki Limited, Hero Cycles Limited, Sipani Automobiles Limited, Sunrise Auto Industries Limited and Confabs Thermo Systems Private Limited. During Fiscal Year 2021, he received a remuneration of ₹ 5.70 million*.

Anand S is the Head of fuel filter business of our Company. He holds a bachelor's degree in mechanical engineering from the University of Mysore. Prior to joining our company, he worked at TVS Motor Company in the quality assurance and total quality management departments. He started his career at Ideal Jawa, Mysore and has also worked at Kinetic Engineering and Wipro Fluid Power, Bengaluru in quality assurance. During Fiscal Year 2021, he received a remuneration of ₹ 2.52 million*.

Sharan Mehta is Chief Strategy & Marketing Officer of our Company. He is responsible for strategy, sales and business development in various departments of our Company. He has been associated with our Company since 2017. He holds a post graduate diploma in planning and entrepreneurship from Indian Institute of Planning & Management. Prior to joining our Company, he served as General Manager in Pricol Technologies and International Business Manager in Pricol Limited. He has previously worked with SPM Auto Private limited, Talbros Automotive Components limited and Imperial Auto Limited. He has over a decade of experience in the field of business management. During Fiscal Year 2021, he received a remuneration of ₹ 5.50 million*.

Vijayesh Rajendran is the Company Secretary of our Company. He holds a bachelor's degree in commerce from Bangalore University and is an associate member of the Institute of Company Secretaries of India, New Delhi**.** He is responsible for the legal and secretarial functions of the Company. He was previously associated with Nitesh Group Companies based out of Bangalore and prior to that he worked at V. Sreedharan & Associates as an associate. During Fiscal Year 2021, he received a remuneration of ₹ 0.73 million*.

Naresh Palta is the Senior Advisor – aerospace and aviation of our Company**.** He holds a bachelor's degree in aeronautical engineering from the Punjab Engineering College, Chandigarh and doctorate in philosophy in management from the Jain University, Bangalore. He provides guidance for strategic business development and strategic visioning for our Company for the aerospace manufacturing vertical. Prior to joining our Company, he was an Executive Director at Hindustan Aeronautics Limited. During Fiscal Year 2021, he received a remuneration of ₹3.19 million*.

Siddhartha Sirdeshpande is Chief Operating Officer of our Company. He holds a bachelor's degree in mechanical engineering from Pandit Ravishankar Shukla University, Raipur and a post- graduate certificate in executive education program in financial management from IIM-Kozhikode. He has over 15 years of experience in business management. Prior to joining our Company, he has worked with Kalyani Brakes, Tubes Investments, Eaton Fluid Power, RSB Transmissions & Thermo Cables. During Fiscal Year 2021, he received a remuneration of ₹ 6.17 million*.

Himanshu Singh is the Vice-President of corporate strategy and finance of our Company and has been associated with us since 2017. He holds a bachelor's degree in metallurgical engineering and materials science from IIT Bombay and a post graduate diploma in management from IIM Bangalore. Prior to joining our Company, he was associated with Girnar Software Private Limited (CarDekho.com) as a strategy manager. He has also worked as a demand analyst in the automotive and farm equipment division at Mahindra and Mahindra. He has more than 9 years of experience in the field of analytics, business intelligence, strategy, supply chain management and corporate planning. During Fiscal Year 2021, he received a remuneration of ₹ 2.11 million*.

Irudayaraj S. is the Vice-President of supply chain management for the automotive and aerospace division of our Company and has been associated with our Company since 2008. He holds a degree in production engineering from Institute of Engineers, Kolkata and a diploma in mechanical engineering from Department of Technical Education, Tamil Nadu. He has more than a decade of experience in the automotive and aerospace industry. He is responsible for procurement of materials, production planning and control, and stores management in our Company. Prior to joining our Company, he has worked at TVS Motor Company and IM Gears Private Limited. He joined our Company on January 2, 2021, and received a remuneration of ₹ 0.66 million till March, 2021*.

Dayanand L Guddin, is Chief Human Resource Officer our Company. He is a seasoned HR professional and has over a decade of experience in Human Resource Management. Prior to joining our Company, he has worked with many Indian and Multinational organizations in Senior Management and advisory capacities. He has worked with Endurance Technologies Ltd, Bobst India, Madura Garments, Strides Arcolab, SKF Technologies (former CR Seals India), BPL group and Kirloskar. He did not receive any remuneration in Fiscal Year 2021*.

**As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to remuneration to the Key Managerial Personnel is not ascertainable and, therefore, not included above.*

Status of Key Managerial Personnel

Except for Naresh Palta, who is a Senior Advisor and working on full-time basis in our Company, all Key Managerial Personnel are permanent employees of the Company.

Relationship between our Key Managerial Personnel and Directors

Except for Gautam Maini, who is the brother of our Director Sandeep Kumar Maini, none of our Key Managerial Personnel are related to each other.

Shareholding of Key Managerial Personnel

Except as disclosed in *"Our Management - Shareholding of our Directors in our Company"* on page 280, none of our Key Managerial Personnel hold any Equity Shares or employee stock options in the Company.

Bonus or Profit Sharing Plans of the Key Managerial Personnel

None of our Key Managerial Personnel are party to any bonus or profit sharing plan of our Company.

Interests of Key Managerial Personnel

Except as disclosed in "*Our Management - Interest of Directors*" on page 280, our Key Managerial Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel.

Changes in the Key Managerial Personnel

Except as disclosed below and as disclosed in '– *Changes in the Board in the last three years*' on page 280, there have been no changes in the Key Managerial Personnel in the last three years:

Name	Designation	Date of change	Reason for change
Selvadurai Irudayaraj	Vice President – SCM	January 2, 2021	Appointment
Dayanand L Guddin	Chief Human Resource Officer	November 7, 2021	Appointment

Further, we believe the attrition rate of Key Managerial Personnel of our Company is not high as compared to our peers.

Service Contracts with Directors and Key Managerial Personnel

No officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Contingent and deferred compensation payable to our Director and Key Managerial Personnel

There is no contingent or deferred compensation accrued for Financial Year 2021 and payable to our Key Managerial Personnel, which does not form a part of their remuneration.

Payment or benefit to Key Managerial Personnel

No non – salary amount or benefit has been paid or given to any of our Key Managerial Personnel within the two preceding years or is intended to be paid or given.

Arrangement or understanding with major shareholders, customers, suppliers or others

No Key Managerial Personnel in our Company has been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others.

Employees Stock Options

For details in relation to ESOP 2021, please refer "*Capital Structure – Employee Stock Options Scheme*" on page 86.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

Our Promoters are Sandeep Kumar Maini, Gautam Maini and Chetan Kumar Maini. As on the date of this Draft Red Herring Prospectus, our Promoters hold 31,187,555 Equity Shares, representing 75.49% of the issued, subscribed and paid-up equity share capital of our Company. Pursuant to board resolution dated October 27, 2021, Gautam Maini, Sandeep Kumar Maini and Chetan Kumar Maini have been identified as the promoters of our Company.

Details of our Promoters

Sandeep Kumar Maini

Sandeep Kumar Maini, aged 55 years, is the Non – executive Director of our Company. For further details, see "*Our Management – Brief biographies of our Directors*" on page 277.

His permanent account number is ACAPM3047M and Aadhar card number is [redacted]. His driving license number is KA04 19850040685.

Gautam Maini

Gautam Maini, aged 53 years, is the Managing Director of our Company. For further details, see "*Our Management – Brief biographies of our Directors*" on page 277.

His permanent account number is ABAPM5000F and Aadhar card number is [redacted]. His driving license number is FDL/38/86-87.

Chetan Kumar Maini

Chetan Kumar Maini, aged 50 years, is a resident Indian national. He holds bachelors degree in science (engineering) from University of Michigan and masters degree in science (mechanical engineering) from the Leland Stanford Junior University. He was the co-founder and chief executive officer of Mahindra Reva Electric Vehicles Private Limited. He has over 25 years of experience in the field of engineering and automotives.

His permanent account number is AGPPM7028R and Aadhar card number is [redacted]. His driving license number is 42/87.

Our Company confirms that the permanent account number, bank account number and passport number of our Promoters shall be submitted to the Stock Exchanges, at the time of filing of this Draft Red Herring Prospectus.

Change in the control of our Company

Our Promoters are the original promoters of our Company and there has not been any change in the control of our Company since its incorporation.

Interests of Promoters

Interest in the promotion of our Company

Our Promoters are interested in our Company to the extent that they have promoted our Company, and to the extent of their shareholding and their relative's shareholding in our Company, the dividends payable and any other distributions in respect of their shareholding in our Company. Further, Sandeep Kumar Maini and Gautam Maini may be interested in our Company to the extent of remuneration received for attending the meetings of the Board of Directors and its committees thereof. For further details, see "*Capital Structure - Details of Shareholding of our Promoters and members of the Promoter Group in our Company*", "*Our Management – Interests of Directors* on pages 81 and 280.

Interest in the property of our Company

Our Promoters have no interest, whether direct or indirect, in any property acquired by our Company during the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by it.

Interest in our Company arising out of being a member of a firm or company

Our Promoters are not interested as members of a firm or company, and no sum has been paid or agreed to be paid to them or to such firm or company in cash or shares or otherwise by any person either to induce such person to become, or qualify him as a director, or otherwise for services rendered by him or by such firm or company in connection with the promotion or formation of our Company.

Interest in our Company other than as Promoters

Except as mentioned in this section and sections titled "*Our Business*", "*History and Certain Corporate Matters*", "*Our Management"* and "*Related Party Transactions*" on pages 238, 270, 275 and 366, respectively, our Promoters do not have any other interest in our Company.

Payment or benefits to Promoters or Promoter Group

Except as stated in "*Related Party Transactions*" on page 366, there have been no amounts paid or benefits paid or given by our Company to our Promoters or Promoter Group in the preceding two years nor is there any intention to pay any amount or provide any benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

Disassociation by our Promoters in the last three years

Our Promoters have not disassociated themselves from any companies or firms during the preceding three years from the date of filing of this Draft Red Herring Prospectus.

Guarantees

Except as stated below, our Promoters have not given any material guarantees to any third party, in respect of the Equity Shares, as on the date of this Draft Red Herring Prospectus:

As of the date of this Draft Red Herring Prospectus, 4,195,075 Equity Shares aggregating to 10.15% of the total pre – Offer share capital of our Company and 3,146,305 Equity Shares aggregating to 7.62% of the total pre – Offer share capital of our Company, held by Sandeep Kumar Maini have been pledged in favour Tata Capital Financial Services Limited and Aditya Birla Finance Limited, respectively, to secure the working capital facilities, pursuant to the deed of pledge dated December 9, 2020 entered between Sandeep Kumar Maini and Tata Capital Financial Services Limited and deed of pledge dated March 15, 2021 entered into between Sandeep Kumar Maini and Aditya Birla Finance Limited. For details, see '*Capital Structure*' on page 75.

Promoter Group

In addition to the Promoters mentioned above, who are brothers, the individuals, other than the Promoters, and entities that form part of the Promoter Group of our Company in terms of the SEBI ICDR Regulations are set out below:

(I) Individuals forming part of Promoter Group

Name of Promoter	Name of Relative	Relationship
Sandeep Kumar Maini	Reva Maini	Mother
	Gitanjali Maini	Spouse
	Vikrant Maini	Son
	Muskaan Maini	Daughter
	Chandrika Menon	Spouse's mother
	Jayashree Menon	Spouse's sister
Gautam Maini	Reva Maini	Mother
	Saru Maini	Spouse
	Arjun Maini	Son

Name of Promoter	Name of Relative	Relationship
	Kush Maini	Son
	J.S. Damija	Spouse’s father
	Usha Damija	Spouse’s mother
	Neeru Anand	Spouse’s sister
	Nishi Ahuja	Spouse’s sister
Chetan Kumar Maini	Reva Maini	Mother
	Kimberly Germain Maini	Spouse
	Aaryan Maini	Son
	Kayli Maini	Daughter
	Ralph William Germain	Spouse’s father
	Sandra Lee Germain	Spouse’s mother
	Lora Lee Stacy	Spouse’s sister
	Angela Marie Elliott	Spouse’s sister
	Amy Sue Mannor	Spouse’s sister
	Carrie Joe Hernandez	Spouse’s sister

(II) Entities forming part of Promoter Group

Sr. No.	Names of entities
1.	G.M.H Industries Private Limited
2.	Maini Materials Movement Private Limited
3.	Armes Maini Storage Systems Private Limited
4.	Maini Plastics & Composites Private Limited
5.	All Terrain Solutions Private Limited
6.	Hensel India Private Limited
7.	AM Formula UNO Private Limited
8.	K M Formula UNO Private Limited
9.	Racing Team India Private Limited
10.	Red Canary Productions LLP
11.	AM Motorsports India Private Limited
12.	Kmaini Motorsports India Private Limited
13.	M/s. Ajay Constructions
14.	Bangalore Transport Finance Company
15.	Virya Mobility 5.0 LLP
16.	Praxis Future Tech LLP
17.	Essobigi Engineers Private Limited
18.	Genext Composites Inc
19.	Maini Sadan
20.	Virya Holdings Pte. Ltd.
21.	Maini Industrial Consultants
22.	Gallery G
23.	Print Brew
24.	Sandeep and Gitanjali Maini Foundation
25.	The Raja Ravi Varma Heritage Foundation
26.	Gitanjali Maini Trust
27.	Gautam Maini Family Trust
28.	Sandeep Maini Family Trust
29.	Chetan Maini Family Trust
30.	The Maini Family Trust
31.	Maini Samaj Kalyan Kendra
32.	Gramothan Foundation

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term "group companies", includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above, all such companies with which there were related party transactions, as per Ind AS 24, during the periods covered in the Restated Summary Statements, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

Further, the Board pursuant to the Materiality Policy, has determined that a company (other than the companies covered under the schedule of related party transactions as per the Restated Summary Statements) shall be considered "material" and will be disclosed as a 'Group Company' in the offer documents, if it is a member of the Promoter Group (companies) (other than the Promoters) in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and our Company has entered into one or more transactions with such company during the last completed fiscal year (or relevant sub period, if applicable), which individually or cumulatively in value exceeds 10% of the revenue from operations of our Company for the last completed fiscal year as per the Restated Summary Statements to be included in the offer documents

Based on the above, our Group Companies are set forth below:

1. Maini Materials Movement Private Limited;
2. Armes Maini Storage System Private Limited; and
3. NewQuest Asia Investments II Limited

Details of our Group Companies

1. Maini Materials Movement Private Limited ("Maini Materials")

Registered Office

The registered office of Maini Materials is situated at No.38, Maini Sadan 7th Cross, Lavelle Road, Bengaluru 560025, Karnataka.

Financial Performance

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit after tax, earnings per share, diluted earnings per share and net asset value, derived from the latest audited financial statements available on a standalone basis of Maini Materials, for the Fiscals 2021, 2020 and 2019, are available at https://www.mainimaterials.com/investors.php.

2. Armes Maini Storage System Private Limited ("Armes Maini")

Registered Office

The registered office of Armes Maini is situated at No.38, Maini Sadan 7th Cross, Lavelle Road, Bengaluru 560025, Karnataka.

Financial Performance

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit after tax, earnings per share, diluted earnings per share and net asset value, derived from the latest audited financial statements available on a standalone basis of Armes Maini, for the Fiscals 2021, 2020 and 2019, are available at https://armesmaini.com/financial-performance.html.

3. NewQuest Asia Investments II Limited ("NewQuest")

Registered Office

The registered office of NewQuest is situated at c/o Trident Trust Company (Mauritius) Limited, 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius.

Financial Performance

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit after tax, earnings per share, diluted earnings per share and net asset value, derived from the latest audited financial statements available on a standalone basis of NewQuest, for the Fiscals 2021, 2020 and 2019, are available at https://nqcap.in.

Litigation which has a material impact on our Company

Our Group Companies are not party to any pending litigations which will have a material impact on our Company.

Nature and extent of interest of Group Companies

Our Group Companies do not have any interest in the promotion of our Company.

Our Group Companies are not interested in the properties acquired by our Company during the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Our Group Companies are not interested in any transactions for acquisition of land, construction of building or supply of machinery, etc.

Common pursuits

There are no common pursuits amongst our Group Companies and our Company.

Related Business Transactions within the group and significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Related Party Transactions*" on page 366, there are no other business transactions between our Company and Group Companies which are significant to the financial performance of our Company.

Business interests or other interests

Except as disclosed in "*Related Party Transactions*" on page 366, our Group Companies do not have any business interest in our Company.

Other Confirmations

Our Group Companies do not have any securities listed on a stock exchange. Further, our Group Companies have not undertaken any public or rights issue of securities in the three years preceding the date of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends is recommended by the Board of Directors 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. Our Company at its board meeting held on October 27, 2021 has adopted a dividend distribution policy.

After the audited annual accounts are prepared, the interim dividend, along with final dividend, if any, is recommended for confirmation / approval of the members in the Annual General Meeting, subject to the provisions of the Companies Act, 2013, read with Companies (Declaration and Payment of Dividend) Rules, 2014.

The dividend, if any, will depend on a number of internal and external factors, including but not limited to future expansion plans of the Company, including brand acquisitions, new product launches and long-term investments, net profits earned and free cash generated by the Company during the fiscal year, liquidity and applicable taxes including dividend distribution tax, if any, payable by our Company. In addition, our ability to pay dividends may be impacted by restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see "*Financial Indebtedness*" on page 407.

Further, our Company has not paid any dividend in the last three Fiscal Years, and until the date of this Draft Red Herring Prospectus.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Independent Auditors' Examination Report on the restated summary statements of assets and liabilities as at June 30, 2021 and 2020, March 31, 2021, 2020 and 2019, restated summary statement of profits and losses (including other comprehensive income), restated summary statement of cash flows and changes in equity for three month period ended June 30, 2021 and 2020 and years ended March 31, 2021, 2020 and 2019, restated summary statement of significant accounting policies and other explanatory information of Maini Precision Products Limited (collectively, the "Restated Summary Statements").

The Board of Directors
Maini Precision Products Limited
B-165, 1st Stage, 3rd Cross, Peenya Industrial Estate,
Bengaluru – 560058

Dear Sirs:

1. We have examined the attached Restated Summary Statements of Maini Precision Products Limited (the "Company") annexed to this report and prepared by the Company for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") in connection with its proposed Initial Public Offer ("IPO"). The Restated Summary Statements, which have been approved by the Board of Directors of the Company at their meeting held on October 07, 2021, have been prepared in accordance with 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) (as amended) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note").

Management's Responsibility for the Restated Summary Statements

2. The preparation of the Restated Summary Statements, which are to be included in the DRHP is the responsibility of the Management of the Company. The Restated Summary Statements have been prepared by the Management of the Company on the basis of preparation, as stated in note 2 of Annexure V to the Restated Summary Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

Auditors' Responsibilities

3. We have examined such Restated Summary Statements taking into consideration:

   a) the terms of reference and terms of our engagement agreed with you vide our engagement letter dated August 18, 2021, requesting us to carry out the assignment, in connection with the proposed IPO of the Company;
   b) the Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics Issued by ICAI.
   c) concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Summary Statements; 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 and the ICDR Regulations in connection with the IPO.

4. The Company proposes to make an IPO which comprises of offer for sale by certain existing shareholders' and fresh issue of its equity shares at such premium arrived at by the book building process (referred to as the 'Issue'), as may be decided by the Company's Board of Directors.

Restated Summary Statements

5. These Restated Summary Statements have been compiled by the management of the Company from:

   a) Audited Interim financial statements of the Company as at and for the three months period ended June 30, 2021 prepared in accordance with the Indian Accounting Standard 34 (Ind AS 34) 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 October 07, 2021.

   b) Audited Interim financial statements of the Company as at and for the three months period ended June 30, 2020 prepared in accordance with the Ind AS 34 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 October 07, 2021.

   c) Audited financial statements of the Company as at and for the year ended March 31, 2021, which were prepared in accordance with the Indian Accounting Standard (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 October 07, 2021.

   d) Audited financial statements of the Company as at and for the year ended March 31, 2020, which were prepared in accordance with accounting principles generally accepted in India as prescribed under Section 133 of the Act read with Companies (Accounts) Rules 2014 (as amended) ("Indian GAAP"), which have been approved by the Board of Directors at their meeting held on July 28, 2020. The Management of the Company has adjusted financial information for the year ended March 31, 2020 included in such Indian GAAP financial statements using recognition and measurement principles of Ind AS and has included such adjusted financial information as comparative financial information in the financial statements for the year ended March 31, 2021 as referred to in para 5(c) above.

   e) Audited Financial Statements of the Company as at and for the year ended March 31, 2019, which were prepared in accordance with Indian GAAP, which have been approved by the Board of Directors at their meeting held on May 17, 2019. In accordance with ICDR Regulations, read with Guidance Note, the Restated Summary Statements for the year ended March 31, 2019 have been prepared after incorporating Ind AS adjustments (both re-measurements and reclassifications) to be made in accounting heads from their Accounting Standards values as on the date of transition (i.e. April 1, 2019) following accounting policies (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS.

6. For the purpose of our examination, we have relied on auditors' reports issued by us, dated October 07, 2021, on the financial statements of the Company as at and for three months period ended June 30, 2021 and June 2020, and October 07, 2021, July 28, 2020 and May 17, 2019 on the financial statements of the Company as at and for each the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively, as referred in Paragraph 5 above. The Ind AS adjustments, adjustments for the changes in accounting policies, material errors and regrouping / reclassifications made to such Indian GAAP financial statements as set out in Note 2 of Annexure V to the Restated Summary Statements, have been audited by us.

7. Based on our examination and according to the information and explanations given to us, we report that Restated Summary Statements of the Company:

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors, and regrouping / reclassifications retrospectively in the three month period ended June 30, 2020 and financial years ended March 31, 2021, and March 31, 2020 to reflect the same accounting treatment as per the accounting policies and grouping/ classifications followed as at and for the three month ended June 30, 2021;

   b. have been prepared after incorporating Ind AS adjustments described in Note 43 of Annexure VII to the Restated Summary Statements, adjustments for the changes in accounting policies, material errors, and regrouping / reclassifications retrospectively for the year ended March 31, 2019 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the three month ended June 30, 2021

c. does not contain any qualifications requiring adjustments. Our reports dated October 07, 2021 for three months period ended June 30, 2021 and June 30, 2020, our report dated October 07, 2021 for the year ended March 31, 2021 and our report dated July 28, 2020 for the year ended March 31, 2020 included emphasis of matter, which have been reproduced as below:

For three months period ended June 30, 2021

"We draw your attention to Note 2.3 to the accompanying financial statements, which describes the management's evaluation of the impact of Covid-19 on the future business operations and future cash flows of the Company. In view of the uncertain economic conditions, the management's evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve."

For three months period ended June 30, 2020

"We draw your attention to Note 2.3 to the accompanying financial statements, which describes the management's evaluation of the impact of Covid-19 on the future business operations and future cash flows of the Company. In view of the uncertain economic conditions, the management's evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve."

For the year ended March 31, 2021:

"We draw your attention to Note 2.3 to the accompanying financial statements, which describes the management's evaluation of the impact of Covid-19 on the future business operations and future cash flows of the Company. In view of the uncertain economic conditions, the management's evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve."

For the year ended March 31, 2020

"We draw your attention to Note 38 to the Financial Statements, which describes the management's evaluation of Covid-19 impact on the future business operations and future cash flows of the Company. In view of the uncertain economic conditions, the management's evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve."

Further, our report dated October 07, 2021 for three months period ended June 30, 2020 includes Other Matter paragraph for presentation of comparative interim financial information based on information compiled by the Management and were not subjected to audit. Qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Summary Statements have been disclosed in **Annexure VI -C** to the Restated Summary Statements.

d. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2021. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Company as of any date or for any period subsequent to June 30, 2021.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. The Restated Summary Statements do not reflect the effects of events that occurred subsequent to the audited financial statements mentioned in paragraph 5 above.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, Karnataka in connection with the proposed IPO. Our report should not be used, referred to, or distributed 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.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership No.: 061207
UDIN: 21061207AAAAGR4054
Place: Bengaluru
Date: December 11, 2021

Maini Precision Products Limited
CIN: U27201KA1973PLC002307
(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure I
Restated Summary Statement of Assets and Liabilities

	Annexure VII Note	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted - Refer Note 1 below)
ASSETS						
Non-current assets						
Property, plant and equipment	3	3,106.54	3,394.39	3,190.47	3,486.21	3,439.38
Capital work in progress	3	-	5.58	-	3.44	2.43
Intangible assets	4	15.50	28.84	18.86	32.54	24.93
Intangibles assets under development	4	2.04	0.14	0.88	-	-
Financial assets						
i. Investments	5	0.03	0.03	0.02	0.01	0.03
ii. Loans	6	4.68	4.32	4.34	5.80	6.21
iii. Other financial assets	7	21.47	20.06	21.05	21.07	17.74
Income tax assets (net)	8	66.85	88.19	66.34	88.12	70.82
Other non-current assets	10	40.32	82.41	38.03	92.27	85.77
Total non-current assets		**3,257.43**	**3,623.96**	**3,339.99**	**3,729.46**	**3,647.31**
Current assets						
Inventories	11	1,886.93	1,479.80	1,705.22	1,527.46	1,402.80
Financial assets						
i. Trade receivables	12	1,083.96	735.24	1,127.50	1,151.98	1,101.07
ii. Cash and cash equivalents	13	59.22	13.76	37.04	50.04	106.84
iii. Bank balances other than (ii) above	14	1.97	-	1.95	-	-
iv. Loans	6	10.85	9.59	3.46	11.66	11.76
v. Other financial assets	7	138.52	114.65	134.23	150.39	154.94
Other current assets	10	408.60	178.79	304.63	182.54	283.72
Total current assets		**3,590.05**	**2,531.83**	**3,314.03**	**3,074.07**	**3,061.13**
Non-current assets held for sale	39	26.89	-	26.89	-	-
Total assets		**6,874.37**	**6,155.79**	**6,680.91**	**6,803.53**	**6,708.44**
EQUITY AND LIABILITES						
Equity						
Equity share capital	15	82.63	82.63	82.63	82.63	82.63
Other equity	16	(339.53)	(13.97)	(319.69)	160.78	395.82
Total equity		**(256.90)**	**68.66**	**(237.06)**	**243.41**	**478.45**
Liabilities						
Non-current liabilities						
Financial liabilities						
i. Borrowings	17	3,315.90	2,994.95	3,283.34	3,048.48	2,544.57
ii. Lease liabilities	18	227.09	254.29	233.79	260.21	282.74
Provisions	20	161.98	150.88	162.92	108.93	109.54
Deferred tax liabilities (net)	9	182.26	168.33	168.32	223.62	275.31
Total non-current liabilities		**3,887.23**	**3,568.45**	**3,848.37**	**3,641.24**	**3,212.16**
Current liabilities						
Financial liabilities						
i. Borrowings	17	2,083.60	1,555.08	1,952.81	1,698.38	1,719.10
ii. Lease liabilities	18	76.86	83.75	79.29	85.18	89.53
iii. Trade payables	21					
(A) Total outstanding dues of micro and small enterprises		72.26	7.75	91.36	16.88	22.47
(B) Total outstanding dues of creditors other than micro and small enterprises		796.01	626.29	738.38	854.78	942.34
iv. Other financial liabilities	19	160.48	190.56	150.90	189.99	175.48
Provisions	20	34.34	41.17	37.45	56.88	41.99
Liabilities for current tax (net)	8	-	-	-	-	4.80
Other current liabilities	22	20.49	14.08	19.41	16.79	22.12
Total current liabilities		**3,244.04**	**2,518.68**	**3,069.60**	**2,918.88**	**3,017.83**
Total liabilities		**7,131.27**	**6,087.13**	**6,917.97**	**6,560.12**	**6,229.99**
Total equity and liabilities		**6,874.37**	**6,155.79**	**6,680.91**	**6,803.53**	**6,708.44**

The above Statement should be read with the Annexure V - Significant accounting policies to Restated Summary Statements, Annexure VI - Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to Restated Summary Statements.

Note 1 - Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

For and on behalf of the Board of Directors of:
Maini Precision Products Limited
CIN: U27201KA1973PLC002307

per Sandeep Karnani
Partner
Membership No.: 061207
Place: Bengaluru, India
Date: December 11, 2021

Gautam Maini
Managing Director
DIN: 00667616
Place: Bengaluru, India
Date: December 11, 2021

Sandeep Kumar Maini
Director
DIN: 01568787
Place: Bengaluru, India
Date: December 11, 2021

V Sridhar
Director & Chief Financial Officer
DIN: 02584405
Place: Bengaluru, India
Date: December 11, 2021

Vijayesh Rajendran
Company Secretary
Membership No.: A50875
Place: Bengaluru, India
Date: December 11, 2021

Maini Precision Products Limited
CIN: U27201KA1973PLC002307
(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure II
Restated Summary Statement of Profit and Loss

	Annexure VII Note	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted - Refer Note 1 below)
Income						
Revenue from operations	23	1,356.50	558.14	4,273.63	5,708.01	5,603.05
Other income	24	22.29	45.69	94.41	133.19	134.27
Total income (I)		**1,378.79**	**603.83**	**4,368.04**	**5,841.20**	**5,737.32**
Expenses						
Cost of materials consumed	25	735.54	243.81	2,194.14	2,797.95	2,995.14
Changes in inventories of finished goods and work-in-progress	26	(150.50)	33.67	(120.98)	(33.95)	(239.12)
Employee benefits expense	27	286.31	215.43	898.91	1,072.18	1,003.76
Depreciation and amortisation expense	28	104.82	103.80	415.73	393.16	289.52
Finance costs	29	52.65	54.43	211.79	237.30	206.78
Other expenses	30	366.37	149.56	1,265.57	1,609.65	1,551.80
Total expenses (II)		**1,395.19**	**800.70**	**4,865.16**	**6,076.29**	**5,807.88**
Restated profit / (loss) before tax (III) = (I) - (II)		**(16.40)**	**(196.87)**	**(497.12)**	**(235.09)**	**(70.56)**
Tax expense						
Current tax	31	0.05	-	23.07	40.19	72.46
Deferred tax charge/ (credit)	31	11.28	(46.94)	(51.38)	(48.81)	40.55
Total tax expense (IV)		**11.33**	**(46.94)**	**(28.31)**	**(8.62)**	**113.01**
Restated profit / (loss) for the period / year (V) = (III) - (IV)		**(27.73)**	**(149.93)**	**(468.81)**	**(226.47)**	**(183.57)**
Other comprehensive income						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Re-measurement gains / (losses) on defined benefit plans		10.55	(33.17)	(15.58)	(11.45)	(16.65)
Income tax effect on above		(2.66)	8.35	3.92	2.88	5.82
Restated Total Other Comprehensive income/ (loss) for the period / year, (net of tax) (VI)		**7.89**	**(24.82)**	**(11.66)**	**(8.57)**	**(10.83)**
Restated Total Comprehensive income for the period/ year, (net of tax) (VII) = (V) + (VI)		**(19.84)**	**(174.75)**	**(480.47)**	**(235.04)**	**(194.40)**
Restated Earnings / (Loss) per equity share (EPS) (face value - Rs. 10)						
Basic (in Indian Rupees)	32	(3.36)	(18.14)	(56.74)	(27.41)	(22.22)
Diluted (in Indian Rupees)	32	(3.36)	(18.14)	(56.74)	(27.41)	(22.22)

The above Statement should be read with the Annexure V - Significant accounting policies to Restated Summary Statements, Annexure VI - Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to Restated Summary Statements.

Note 1 - Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

For and on behalf of the Board of Directors of:
Maini Precision Products Limited
CIN: U27201KA1973PLC002307

per Sandeep Karnani
Partner
Membership No.: 061207
Place: Bengaluru, India
Date: December 11, 2021

Gautam Maini
Managing Director
DIN: 00667616
Place: Bengaluru, India
Date: December 11, 2021

Sandeep Kumar Maini
Director
DIN: 01568787
Place: Bengaluru, India
Date: December 11, 2021

V Sridhar
Director & Chief Financial Officer
DIN: 02584405
Place: Bengaluru, India
Date: December 11, 2021

Vijayesh Rajendran
Company Secretary
Membership No.: A50875
Place: Bengaluru, India
Date: December 11, 2021

(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure III
Restated Summary Statement of Cash Flow

		For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted - refer Note 1 below)
Cash flow from operating activities						
Profit/(loss) before tax		(16.40)	(196.87)	(497.12)	(235.09)	(70.56)
Non-cash adjustments to reconcile (loss)/profit before tax to net cash flows:						
Depreciation and amortisation expenses		104.82	103.80	415.73	393.16	289.52
Finance cost		52.65	54.43	211.79	237.30	206.78
Unrealised exchange differences (net)		(1.30)	11.02	23.79	(43.53)	(9.95)
Loss / (gain) on sale/disposal of property, plant and equipment, (net)		(0.25)	-	0.35	(0.02)	1.48
Interest income		(0.14)	(0.02)	(0.38)	(2.54)	(1.40)
Interest income on other financial assets		(0.74)	(0.75)	(2.55)	(2.46)	(2.15)
Loss / (gain) on fair valuation of investments		(0.01)	(0.02)	(0.01)	0.02	0.02
Loss / (gain) on mark to market of derivative contracts other than Compulsorily Convertible Cumulative Preference Shares ('CCPS')		(12.80)	14.24	(13.39)	27.40	(39.72)
Loss / (gain) on fair valuation of CCPS		60.22	11.07	287.60	431.74	428.29
Provision for expected credit loss allowance (written back)		(1.34)	(1.21)	0.26	(5.00)	8.46
Advances written off		-	-	-	-	1.20
Liabilities and provisions no longer required (written back)		(0.38)	(0.77)	(4.18)	(4.66)	(2.15)
Bad debts written off		-	-	3.81	4.94	-
Provision for warranties (reversed), (net)		0.36	-	(0.79)	0.04	2.81
Operating profit before working capital changes		**184.69**	**(5.08)**	**424.91**	**801.30**	**812.63**
Working capital adjustments:						
Increase/(decrease) in trade payables		37.38	(239.36)	(39.61)	(93.33)	38.31
Increase/(decrease) in other financial liabilities, other liabilities and provisions		23.90	1.72	(21.37)	23.41	14.37
Decrease/(increase) in inventories		(181.71)	47.65	(177.76)	(124.66)	(405.11)
Decrease/(increase) in trade receivables		48.87	405.95	1.65	(0.24)	(107.05)
Decrease/(increase) in loans, financial assets and other assets		(103.36)	29.83	(81.38)	106.29	35.39
Cash generated / (used in) from operations		**9.77**	**240.71**	**106.44**	**712.77**	**388.54**
Direct taxes paid, (net of refunds)		(0.56)	(0.07)	(1.29)	(62.27)	(89.54)
Net cash flows from/(used in) operating activities	**(A)**	**9.21**	**240.64**	**105.15**	**650.50**	**299.00**
Cash flow from investing activities						
Purchase of property, plant and equipment and intangible assets (including capital work in progress and intangible assets under development)		(28.20)	-	(71.45)	(476.35)	(1,198.31)
Proceeds from disposal of property, plant and equipment		0.25	-	0.09	0.42	3.51
Interest received		(0.15)	0.02	0.32	1.81	1.40
Investment in bank deposits		(0.02)	-	(1.95)	-	0.38
Net cash flows from / (used in) investing activities	**(B)**	**(28.12)**	**0.02**	**(72.99)**	**(474.12)**	**(1,193.02)**
Cash flow from financing activities						
Proceeds from long term borrowings		182.50	-	200.00	-	1,012.46
Repayment of long term borrowings		(256.55)	(10.84)	(179.45)	(317.45)	(238.27)
Repayment of short-term borrowings (net)		-	(221.24)	-	-	-
Proceeds from short-term borrowings (net)		175.04	-	138.29	101.91	431.89
Finance costs paid		(44.61)	(30.11)	(141.24)	(209.70)	(166.02)
Proceeds from issue of CCPS		-	-	-	250.00	-
Payment of principal portion of lease liabilities		(9.13)	(7.35)	(32.31)	(26.88)	(30.93)
Payment of interest portion of lease liabilities		(7.08)	(7.85)	(30.29)	(33.05)	(30.67)
Net cash flows from/(used in) financing activities	**(C)**	**40.17**	**(277.39)**	**(45.00)**	**(235.17)**	**978.46**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**21.26**	**(36.73)**	**(12.84)**	**(58.79)**	**84.44**
Cash and cash equivalents at the beginning of the period / year end		37.04	50.04	50.04	106.84	24.50
Effect of exchange rate changes on cash and cash equivalent held		0.92	0.45	(0.16)	1.99	(2.10)
Cash and cash equivalents at end of three months period / year end		**59.22**	**13.76**	**37.04**	**50.04**	**106.84**
Components of cash and cash equivalents						
Cash on hand		0.06	0.28	0.02	0.08	0.06
Balances with banks:						
- in current accounts		9.87	4.63	3.86	34.32	2.25
- in Exchange Earner's Foreign Currency ('EEFC') accounts		7.36	5.49	19.89	11.07	-
- in cash credit accounts		40.85	3.36	12.37	4.52	54.15
- in deposit accounts with original maturity of less than 3 months		1.08	-	0.90	0.05	50.38
Cash and cash equivalents at period / year end		**59.22**	**13.76**	**37.04**	**50.04**	**106.84**

Refer note 14 of Annexure VII for changes in liabilities arising from financing activities

Non-cash investing activities					
Acquisition of right-of-use assets	**-**	**-**	**-**	**-**	**46.13**

The above Statement should be read with the Annexure V - Significant accounting policies to Restated Summary Statements, Annexure VI - Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to Restated Summary Statements.

Note 1 - Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

For and on behalf of the Board of Directors of:
Maini Precision Products Limited
CIN: U27201KA1973PLC002307

per Sandeep Karnani
Partner
Membership No.: 061207
Place: Bengaluru, India
Date: December 11, 2021

Gautam Maini
Managing Director
DIN: 00667616
Place: Bengaluru, India
Date: December 11, 2021

Sandeep Kumar Maini
Director
DIN: 01568787
Place: Bengaluru, India
Date: December 11, 2021

V Sridhar
Director & Chief Financial Officer
DIN: 02584405
Place: Bengaluru, India
Date: December 11, 2021

Vijayesh Rajendran
Company Secretary
Membership No.: A50875
Place: Bengaluru, India
Date: December 11, 2021

Maini Precision Products Limited
CIN: U27201KA1973PLC002307
(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure IV
Restated Summary Statement of Changes in Equity

(A) Equity share capital	No of Shares (in million) (refer note 15 of Annexure VII)	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 01, 2018 (As adjusted - refer Note 1 below)	8.26	82.63
Changes during the year	-	-
As at March 31, 2019 (As adjusted - refer Note 1 below)	**8.26**	**82.63**
Changes during the year	-	-
As at March 31, 2020	**8.26**	**82.63**
Changes during the three months period	-	-
As at June 30, 2020	**8.26**	**82.63**
Changes during the nine months period	-	-
As at March 31, 2021	**8.26**	**82.63**
Changes during the three months period	-	-
As at June 30, 2021	**8.26**	**82.63**

(B) Other equity

	Attributable to the equity shareholders					Total other equity
	Reserves and Surplus					
	Retained earnings	Capital Reserve	General Reserve	Other Reserve	Securities Premium	
Balance as at April 01, 2018 (As adjusted - refer Note 1 below)	**(88.46)**	**0.41**	**7.38**	**587.72**	**83.17**	**590.22**
Restated profit / (loss) for the year	(183.57)	-	-	-	-	**(183.57)**
Restated Other comprehensive income / (loss) for the year (net of taxes)	(10.83)	-	-	-	-	**(10.83)**
Total Comprehensive Income/(Loss) for the year (net of taxes)	**(194.40)**	-	-	-	-	**(194.40)**
Balance as at March 31, 2019 (As adjusted - refer Note 1 below)	**(282.86)**	**0.41**	**7.38**	**587.72**	**83.17**	**395.82**
Restated profit / (loss) for the year	(226.47)	-	-	-	-	**(226.47)**
Restated Other comprehensive income / (loss) for the year (net of taxes)	(8.57)	-	-	-	-	**(8.57)**
Total Comprehensive Income/(Loss) for the year (net of taxes)	**(235.04)**	-	-	-	-	**(235.04)**
Balance as at March 31, 2020	**(517.90)**	**0.41**	**7.38**	**587.72**	**83.17**	**160.78**
Restated profit / (loss) for the three months period	(149.93)	-	-	-	-	**(149.93)**
Restated Other comprehensive income / (loss) for the three month period (net of taxes)	(24.82)	-	-	-	-	**(24.82)**
Total Comprehensive Income/(Loss) for the three months period (net of taxes)	**(174.75)**	-	-	-	-	**(174.75)**
Balance as at June 30, 2020	**(692.65)**	**0.41**	**7.38**	**587.72**	**83.17**	**(13.97)**
Balance as at April 01, 2020	**(517.90)**	**0.41**	**7.38**	**587.72**	**83.17**	**160.78**
Restated profit / (loss) for the year	(468.81)	-	-	-	-	**(468.81)**
Restated Other comprehensive income / (loss) for the year (net of taxes)	(11.66)	-	-	-	-	**(11.66)**
Total Comprehensive Income/(Loss) for the year (net of taxes)	**(480.47)**	-	-	-	-	**(480.47)**
Balance as at March 31, 2021	**(998.37)**	**0.41**	**7.38**	**587.72**	**83.17**	**(319.69)**
Restated profit / (loss) for the three months period	(27.73)	-	-	-	-	**(27.73)**
Restated Other comprehensive income / (loss) for the three month period (net of taxes)	7.89	-	-	-	-	**7.89**
Total Comprehensive Income/(Loss) for the three months period (net of taxes)	**(19.84)**	-	-	-	-	**(19.84)**
Balance as at June 30, 2021	**(1,018.21)**	**0.41**	**7.38**	**587.72**	**83.17**	**(339.53)**

The above Statement should be read with the Annexure V - Significant accounting policies to Restated Summary Statements, Annexure VI - Statement of Restatement Adjustments to Audited Summary Statements and Annexure VII - Notes to Restated Summary Statements.

Note 1 - Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

For and on behalf of the Board of Directors of:
Maini Precision Products Limited
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per Sandeep Karnani
Partner
Membership No.: 061207
Place: Bengaluru, India
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Managing Director
DIN: 00667616
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V Sridhar
Director & Chief Financial Officer
DIN: 02584405
Place: Bengaluru, India
Date: December 11, 2021

Vijayesh Rajendran
Company Secretary
Membership No.: A50875
Place: Bengaluru, India
Date: December 11, 2021

Annexure V
Significant accounting policies and explanatory notes to Restated Summary Statements

1. Corporate Information

Maini Precision Products Limited ('the Company') is a public company and domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at B-165, 3rd Cross, 1st Stage, Peenya Industrial Estate Bangalore Karnataka 560058 India.

The Company manufactures precision components and sub-assemblies for the Automotive and Industrial and Aerospace Sectors (including parts for transmissions, engines, hydraulics, power tool, hand primers and filters). The operations of the Company are divided into automotive and industrial segment and aerospace segment.

The Restated Summary Statements were approved for issue in accordance with a resolution of the board of directors of the Company on December 11, 2021.

2. Basis of preparation of Restated Summary Statements

The Restated Summary Statements of the Company comprise of the Restated Summary Statement of Assets and Liabilities as at June 30, 2021, June 30, 2020, March, 2021, March 31, 2020 and March 31, 2019 (As Adjusted), the related Restated Summary Statements of Profit and Loss (including Other Comprehensive Income), the Restated Summary Statements of Changes in Equity and the Restated Summary Statements of Cash Flows for the periods/ years ended June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 (As Adjusted), and the Significant Accounting Policies and explanatory notes (collectively, the 'Restated Summary Statements' or 'Statements'). These Statements have been prepared by the Management for the purpose of preparation of the Restated Financial Statements as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ('SEBI') on 11 September 2018, in pursuance of the Securities and Exchange Board of India Act, 1992 ("ICDR Regulations") for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP') in connection with its proposed initial public offering of equity shares of the Company comprising a fresh issue of equity shares and an offer for sale of equity shares held by the selling shareholders (the "Offer"), prepared by the Company 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 from time to time; and
(c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

The Restated Summary Statements have been compiled from :

Audited Interim Financial Statements of the Company as at and for the three months period ended June 30, 2021, prepared in accordance with the Indian Accounting Standard 34 (Ind AS 34) 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 October 07, 2021;

Audited Interim Financial Statements of the Company as at and for the three months period ended June 30, 2020, prepared in accordance with the Ind AS 34 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 October 07, 2021;

Audited Financial Statements of the Company as at and for the year ended March 31, 2021, prepared in accordance with the Indian Accounting Standard (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 October 07, 2021;

The Financial Statements for the year ended March 31, 2021 are the first financial statements that the Company has prepared in accordance with Ind AS. The date of transition is April 1, 2019. The transition to Ind AS has been carried out from accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, which is considered as the previous GAAP, for purposes of Ind AS 101. Refer to Note 43 of Annexure VII to Restated Summary Statements for detailed information on how the Company transitioned to Ind AS.

Annexure V
Significant accounting policies and explanatory notes to Restated Summary Statements

Audited Financial Statements of the Company as at and for the year ended March 31, 2020, which were prepared in accordance with accounting principles generally accepted in India ("Indian GAAP") as prescribed under Section 133 of the Act read with Companies (Accounts) Rules 2014 (as amended), which have been approved by the Board of Directors at their meeting held on July 28, 2020. The Company has adjusted financial information for the year ended March 31, 2020 included in such Indian GAAP financial statements, using recognition and measurement principles of Ind AS, and has included such adjusted financial information as comparative financial information in the financial statements for the year ended March 31, 2021 and has included the comparative financial information for the year ended March 31, 2020 in the Restated Summary Statements.

Audited Financial Statements of the Company as at and for the year ended March 31, 2019, which were prepared in accordance with Indian GAAP as prescribed under Section 133 of the Act read with Companies (Accounts) Rules 2014 (as amended), which have been approved by the Board of Directors at their meeting held on May 17, 2019. In accordance with the transition provision specified under Ind AS 101, the date of transition to Ind AS is April 1, 2019. In accordance with ICDR Regulations read with the Guidance Note, the Restated Summary Statements for the year ended March 31, 2019 have been prepared after incorporating Ind AS adjustments (both re-measurements and reclassifications) to be made in accounting heads from their Accounting Standards values as on the date of transition (i.e. April 1, 2019) following accounting policies (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS ('Proforma Ind AS Summary Statements', referred to as "As adjusted") The Ind AS adjustments as described above are more fully described in Note 43 of Annexure VII to the Restated Summary Statements.

The difference between equity balance computed for the year ending March 31, 2019 (i.e. equity under Indian GAAP adjusted for impact of Ind AS 101 items and after considering profit or loss for the year ended March 31, 2019, with adjusted impact due to Ind-AS principles) and equity balance computed in opening Ind AS balance sheet as at transition date (i.e. April 01, 2019), prepared for filing under Companies Act, 2013 has been adjusted as a part of restated adjustments and carried forward to opening Ind AS Balance sheet as at transition date already adopted for reporting under Companies Act, 2013.

This note provides a list of the significant accounting policies adopted in the preparation of these Restated Summary Statements. These policies have been consistently applied to all the years/ three months presented, unless otherwise stated.

These Restated Summary Statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective as at June 30, 2021.

The Restated Summary Statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS except for certain financial assets measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest million up to two decimals, except when otherwise indicated.

2.1 Summary of significant accounting principles

The accounting policies set out below have been applied consistently to the periods presented in these Restated Summary Statements.

a. Use of estimates and judgements

The preparation of Restated Summary Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the accounting policies, management makes various judgements, which have significant effect on the amount recognised in the Restated Summary Statements. The Company bases its estimates and assumptions on parameters available when the Restated Summary Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Refer Note 2.2 of Annexure V on Significant accounting judgements, estimates and assumptions.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Property, plant and equipment

The Company has elected to continue with the carrying value of Property, Plant and Equipment as recognized in the previous GAAP financial statements as deemed cost at the transition date, viz, April 01, 2019.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Properties in course of construction for production, supply or administrative purposes are carried at cost, less recognised impairment losses. All the direct expenditures related to the implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned is accounted as Capital Work In Progress (CWIP) and such properties are classified as appropriate categories of Property, plant and equipment when completed and ready for the intended use.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as a part of inventories.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components of machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which takes substantial period of time to get ready for its intended use are also included to the extend they relate to the period till such assets are ready to be put in use.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

d. Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line method as per the useful lives of assets estimated by management. The identified components, if any are depreciated over their useful life and the remaining assets are depreciated over the life of the principal asset.

The Company has estimated the following useful life:

Assets	Useful lives estimated by the management (in years)	Useful lives under Schedule II of the Act (in years)
Factory Buildings	30	30
Other Buildings	30	60
Plant and equipment	5 – 20	25
Office equipment	5	5
Furniture and fixture	10	10
Computer Hardware	3	3-6
Vehicles	8	8

The Company, based on technical assessment of usage patterns made by the technical experts, believes that the useful lives as mentioned above best represents the period over which management expects to use these assets.

The Company uses the plant and machinery for three shifts. Hence the Company has charged additional depreciation of 100% of the original depreciation rate.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e. Non-current assets held for Sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

f. Intangible assets

The Company has elected to continue with the carrying value of Intangible assets as recognized in the Previous GAAP financial statements as deemed cost at the transition date, viz, April 01, 2019.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Subsequent costs related to Intangible assets are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Intangible assets are amortized over the useful economic life estimated by the management and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. The amortization expense on intangible assets is recognized in the statement of profit and loss.

Computer Software is amortized over a period of 3 years or the useful life whichever is lower, on a straight-line basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ('CGU') net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For all non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h. Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds including interest expense calculated using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective right-of-use asset if the recognition criteria for a provision are met.

The right-of-use assets are also subject to impairment. Refer to the accounting policies stated under 'Impairment'.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

j. Inventories

Inventories are valued at lower of cost and net realisable value. Cost of inventories is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Materials 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.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and components: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Work-in-progress: Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
- Finished goods: Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

k. Revenue Recognition

Revenue from operations is recognised when control of the goods or services are transferred (performance obligation) to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Goods and Service Tax ('GST') is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in its revenue arrangements since it is the primary obligor in the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on dispatch of the goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Sale of services
Revenue from rendering of services are recognised over the period on accrual basis as per the terms of agreement entered into with the customers. Revenue earned in excess of billings are classified as unbilled revenue under 'Other financial assets' and billings in excess of revenue are classified as unearned revenue under 'Other non-financial liabilities'.

Warranty obligations
The Company provides warranties for general repairs of defects during the warranty period. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions under "Provisions".

Export incentive entitlement
Export incentive entitlements including duty drawbacks and duty credit scrips are recognised when there is a reasonable assurance that the Company has complied with the conditions attached to them and it is reasonably certain that the ultimate realisation will be made. These are recognized in the period in which the right to receive the same is established, i.e., the year during which the exports eligible for incentives are made.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied. Contract assets are subject to impairment assessment. Refer accounting policies on impairment of financial assets in section (p) Financial instruments below.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) Financial instruments below.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

l. Other income

Interest income
Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

m. Foreign currencies

Functional and presentation currency
Items included in the restated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The restated financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

(i) Initial recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(iii) Exchange differences
The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income or as expenses in the period in which they arise.

n. Employee benefits

(i) Defined contribution scheme

Retirement benefit in the form of provident is a defined contribution scheme. The Company has no obligation, other than the monthly contribution payable under the schemes. The Company recognizes contribution payable under the schemes as an expense, when an employee renders the related service. If the contribution payable under the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

(ii) Defined benefit obligation

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Further, as required under Ind AS Sch III, the Company transfers those amounts recognized in other comprehensive income to retained earnings

Past service costs are recognised in profit or loss on the earlier of:
a. The date of the plan amendment or curtailment, and
b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
b. Net interest expense.

(iii) Other employee benefits - Accumulated leave

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company presents the entire leave liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

o. Taxes on Income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred tax are recognized in the statement of profit and 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 in equity, respectively.

(i) Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

(ii) Deferred income tax

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets include Minimum Alternate Tax (MAT) credit paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT credit is recognized as deferred tax asset in the Balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

p. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

<u>Initial recognition and measurement</u>
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed under Revenue recognition policy.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments)
- Financial assets at fair value through OCI (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets at fair value through other comprehensive income (debt instruments)
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets at fair value through other comprehensive income (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

De-recognition of financial assets
The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(ii) Financial Liabilities and equity instruments

Initial recognition and measurement
Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, employee dues and interest accrued on borrowings, other interest payable.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
• Financial liabilities at fair value through profit or loss
• Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities at amortized cost
Financial liabilities are subsequently carried at amortized cost using the effective interest ('EIR') method. Interest-bearing loans and borrowings are subsequently measured at amortized cost using EIR method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Reclassification of financial assets and liabilities
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent.

(iv) Off-setting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

(v) Derivative financial instruments
The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

q. Fair value of financial instruments

The Company measures financial instruments at fair value at each balance sheet date using valuation techniques. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the restated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the retated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

r. Compulsory convertible preference shares

Compulsory convertible preference shares ('CCPS') issued by the Company has been designated upon initial recognition as a financial liability measured at fair value through profit or loss. CCPS is initially recognised at fair value (issue price) and subsequent to initial recognition, such CCPS is fair valued through the statement of profit or loss. On modification of CCPS from liability to equity, the CCPS is recorded at the fair value of CCPS classified as equity and the difference in fair value is recorded as a gain/ loss on modification in the statement of profit or loss.

s. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM'). The Company identifies reportable segments based on the dominant source, nature of risks and return and the internal organization and management structure for which discrete financial information is available.

t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

u. Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

v. Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold. Provision is based on historical experience. The estimate of such warranty-related costs is reviewed annually.

w. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the restated financial statements.

x. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and on hand and short-term investments with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company’s cash management.

y. Dividend

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

z. Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

Government grants relating to the purchase of property, plant and equipment are deducted while calculating the carrying amount of the asset resulting in reduced depreciation over the life of property, plant and equipment.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's restated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management makes judgement, estimates and assumptions which have the most significant effect on the amounts recognized in the restated financial statements.

The key judgement, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its judgements and assumptions and estimates on parameters available when the restated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Also refer note 2.3 below regarding impact of Covid-19 pandemic.

Revenue recognition:
Revenue recognition requires significant estimates and judgment in determining when control of the goods or services underlying the performance obligation are transferred to the customer and also in the allocation of transaction price to various performance obligations under a contract. These estimates and judgement significantly affect the measurement and recognition of revenue.

Inventory valuation:
The inventory is valued at the lower of the cost and net realisable value ("NRV"). The determination of the NRV involves estimates based on prevailing market conditions and taking into account the estimated future selling price and selling costs and involves significant estimates and judgement in the assessment. These estimates and judgement significantly affect the determination of the value of inventories.

Provision for expected credit losses ('ECL') of trade receivables
The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customers that have similar loss patterns and involves significant estimates and judgement in the assessment. These estimates and judgement significantly affect the valuation of trade receivables and unbilled revenue.

Impairment of assets:
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which involves significant involvement of estimates and judgement.

Defined retirement benefit plans and other long-term employee benefits:

The cost of the defined benefit plans and other long-term employee benefits and the present value of the obligation thereon are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, obligation amount is highly sensitive to changes in these assumptions. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates and expected salary increase thereon.

Useful life and residual value of plant, property equipment and intangible assets:

The useful life and residual value of plant, property equipment and intangible assets are determined based on evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations the useful life and residual value are sensitive to the actual usage in future period.

Provision for litigations and contingencies:
The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

Provision for warranty:
The provision for warranty is determined based on evaluation made by the management of the past experience of the level of repairs and returns, which involves judgements in estimating the expected warranty claims on products sold. Hence, the provisions are sensitive to the actual outcome in future periods.

2.3 Covid-19 Pandemic

The outbreak of Covid-19 pandemic globally and in India has caused significant disturbance and slowdown of economic activities. Due to Covid-19 pandemic, the Company's operations were slowed down/suspended during the period / year June 30, 2021, June 30, 2020, March 31, 2021 and March 31, 2020.

The Company’s management has considered the possible effects that may result from the Covid-19 pandemic on the carrying value of assets including property, plant and equipment, inventories and receivables. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of the approval of these Restated Summary Statements has used internal and external sources of information to assess the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on the current estimates, the Company expects that the carrying amount of these assets, as reflected in the Restated Summary Statements are fully recoverable.

The Company's management has also estimated the future cash flows for the Company with the possible effects that may result from the Covid-19 pandemic and does not foresee any adverse impact in realising its assets and in meeting its liabilities as and when they fall due. The actual impact of the Covid-19 pandemic may be different from that estimated as at the date of approval of these Restated summary statements.

Maini Precision Products Limited
CIN: U27201KA1973PLC002307
(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VI
Part A: Statement of Restatement Adjustments to Audited Financial Statements
Reconciliation between audited profit and restated profit

Sr.	Particluars	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
A	**Profit after tax (as per audited financial statements)**	(27.73)	(149.93)	(468.81)	151.74	238.62
B	Adjustment for conversion from Indian GAAP to Ind AS - refer note (i)	-	-	-	(378.21)	(422.19)
C	Restatement adjustments	-	-	-	-	-
D	**Restated profit after tax (A + B+ C)**	**(27.73)**	**(149.93)**	**(468.81)**	**(226.47)**	**(183.57)**

Reconciliation between total audited equity and total restated equity

Sr.	Particulars	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)	As at April 01, 2018 (As adjusted)
A	**Audited equity**	**(256.90)**	**68.66**	**(237.06)**	**2,554.24**	**2,104.17**	**1,865.55**
B	**Adjustment for conversion from Indian GAAP to Ind AS - refer note (i) below**	-	-	-	(2,310.83)	(1,625.72)	(1,192.70)
C	**Material restatement adjustments**						
	(i) Audit qualifications	-	-	-	-	-	-
	(ii) Other material adjustments						
	Change in accounting policies	-	-	-	-	-	-
	Other adjustments	-	-	-	-	-	-
	Total (C)	-	-	-	-	-	-
D	**Total Equity as per Restated Summary Statement of Assets and Liabilities (A+B+C)**	**(256.90)**	**68.66**	**(237.06)**	**243.41**	**478.45**	**672.85**

Note (i) : Adjustment for conversion from Indian GAAP to Ind AS
The audited financial statements of the Company as at and for the year ended March 31, 2020 and March 31, 2019 were prepared in accordance with accounting principles generally accepted in India including the Companies accounting standard Rules, 2006 (as amended) specified under Section 133 of the Act and Companies (Accounts) Rules, 2014 (as amended). The same have been converted into Ind AS to confirm with the accounting policies generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. For further details, refer Note 43 of Annexure VII for Ind AS adjustments of total comprehensive income for year ended March 31, 2020 and March 31, 2019 (As adjusted) and for Equity as at March 31, 2020, March 31, 2019 (As adjusted) and April 01, 2018 (As adjusted).

Part B: Material regrouping
Appropriate regroupings have been made in the Restated Summary Statements of Assets and Liabilities, Restated Summary Statements of profit and loss and Restated Summary Statements of cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Ind AS financial information of the Company for the three months period ended June 30, 2021 respectively prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

Part C: Non Adjusting items
Restated Ind AS Summary Statements does not contain any qualifications requiring adjustments, however, our reports for three months period ended June 30, 2021 and June 30, 2020, and for the year ended March 31, 2021 and March 31, 2020, includes an emphasis of matter on impact of COVID 19 on operations of the Company. Also, qualifications in the Companies (Auditor's report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Ind AS Summary Statements are as follows:

As at and for the three months period ended June 30, 2021

(a) We draw your attention to Note 2.3 of Annexure V to the Restated Summary Statements, which describes the management’s evaluation of Covid-19 impact on the future business operations and future cash flows of the Company. In view of the uncertain economic conditions, the management’s evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve.

Our opinion is not modified in respect of this matter.

As at and for the three months period ended June 30, 2020

(a) We draw your attention to Note 2.3 of Annexure V to the Restated Summary Statements, which describes the management’s evaluation of Covid-19 impact on the future business operations and future cash flows of the Company. In view of the uncertain economic conditions, the management’s evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve.

Our opinion is not modified in respect of the matter.

(b) Our report includes Other matter as regards comparative interim financial statements for the three months period ended June 30, 2019 are not audited and have been furnished to us by the management of the Company.

As at and for the year ended March 31, 2021

(a) We draw your attention to Note 2.3 of Annexure V to the Restated Summary Statements, which describes the management’s evaluation of Covid-19 impact on the future business operations and future cash flows of the Company. In view of the uncertain economic conditions, the management’s evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve.

Our opinion is not modified in respect of the matter.

As at and for the year ended March 31, 2020

(a) We draw your attention to Note 2.3 of Annexure V to the Restated Summary Statements, which describes the management’s evaluation of Covid-19 impact on the future business operations and future cash flows of the Company. In view of the uncertain economic conditions, the management’s evaluation of the impact on the subsequent periods is highly dependent upon conditions as they evolve.

Our opinion is not modified in respect of the matter.

Annexure VI
Part A: Statement of Restatement Adjustments to Audited Financial Statements

(b) Annexure to Auditor's report for the financial year ended March 31, 2021

As at and for the year ended March 31, 2021

Clause (vii) (c)
According to the records of the Company, the dues outstanding of income-tax, service tax, duty of custom, duty of excise, goods and services tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount of demand (Rs. in million)	Amount paid under protest (Rs. in million)	Period to which the amounts relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	14.53	12.34	1993-94 to 1995-96, 1997-98 to 2002-05	The Supreme Court of India
		36.25	2.50	2009-10, 2014-15 and 2017-18	Commissioner of Income Tax (Appeals)
Central Excise Act, 1994	Excise duty	108.45	7.01	2004-05 to 2017-18	Customs, Excise and Service Tax Appellate Tribunal
		2.27	0.07	2006-07 to 2007-08, 2009-10 to 2011-12	Revisionary Authority, New Delhi
		1.00	-	2012-13	Assistant Commissioner of Central Excise
Finance Act, 1994	Service Tax	24.85	-	2009-10 to 2012-13	Customs, Excise and Service Tax Appellate Tribunal

As at and for the year ended March 31, 2020
(a) Annexure to Auditor's report for the financial year ended March 31, 2020

Clause (vii) (c)

According to the records of the Company, the dues outstanding of income-tax, service tax, duty of custom, duty of excise, goods and services tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount of demand (Rs. in million)	Amount paid under protest (Rs. in million)	Period for which amounts relates to	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	14.53	12.34	1993-94 to 1995-96, 1997-98 to 2002-05	The Supreme Court of India
		36.25	2.50	2009-10, 2014-15 and 2017-18	Commissioner of Income Tax (Appeals)
Central Excise Act, 1994	Excise duty	108.45	7.01	2004-05 to 2017-18	Customs, Excise and Service Tax Appellate Tribunal
		2.27	0.07	2006-07 to 2007-08, 2009-10 to 2011-12	Revisionary Authority, New Delhi
		1.00	-	2012-13	Assistant Commissioner of Central Excise
Finance Act, 1994	Service Tax	24.85	-	2009-10 to 2012-13	Customs, Excise and Service Tax Appellate Tribunal

As at and for the year ended March 31, 2019
(b) Annexure to Auditor's report for the financial year ended March 31, 2019

Clause (vii) (c)
According to the records of the Company, the dues outstanding of income-tax, service tax, duty of custom, duty of excise, goods and services tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount demanded (Rs. in million)	Amount paid under protest (Rs. in million)	Period for which amounts relates to	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	14.53	12.34	1993-94 to 1995-96, 1997-98 to 2002-05	The Supreme Court of India
		34.49	2.66	2009-10, 2014-15 and 2017-18	Commissioner of Income Tax (Appeals)
Central Excise Act, 1994	Excise duty	105.17	6.84	Various periods between April 2004 to December 2013	Customs, Excise and Service Tax Appellate Tribunal
		3.28	0.12	April 2014 to June 2017	Commissioner of Central Excise (Appeals)
		2.27	0.07	2006-07 to 2007-08, 2009-10 to 2011-12	Revisionary Authority, New Delhi
		1.00	-	January 2013	Assistant Commissioner of Central Excise
Finance Act, 1994	Service Tax	6.08	0.30	Various periods between April 2008 to December 2013	High Court of Karnataka
		24.85	-	2009-10 to 2012-13	Customs, Excise and Service Tax Appellate Tribunal
		1.63	0.12	January 2014 to March 2017	Commissioner of Central Tax (Appeals)
		1.14	0.09	August 2010 to May 2015	Joint Commissioner, Service Tax

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(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

3 Property, plant and equipment

	Land	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Computer hardware	Right-of-use assets (Buildings)	Total
Gross Block (Deemed Cost/Cost)									
As at April 01, 2018 (As adjusted)	620.41	95.18	1,269.39	14.31	12.90	11.40	8.26	376.27	2,408.12
Additions	0.40	96.34	1,142.73	15.21	3.14	5.36	7.18	46.13	1,316.49
Disposals	-	-	(6.52)	-	-	-	-	-	(6.52)
As at March 31, 2019 (As adjusted)	**620.81**	**191.52**	**2,405.60**	**29.52**	**16.04**	**16.76**	**15.44**	**422.40**	**3,718.09**
Additions	-	0.70	397.32	11.53	-	9.42	6.67	-	425.64
Disposals	-	-	(0.47)	-	-	-	-	-	(0.47)
As at March 31, 2020	**620.81**	**192.22**	**2,802.45**	**41.05**	**16.04**	**26.18**	**22.11**	**422.40**	**4,143.26**
Additions	-	-	6.20	0.87	-	0.18	0.15	-	7.40
Disposals	-	-	-	-	-	-	-	-	-
As at June 30, 2020	**620.81**	**192.22**	**2,808.65**	**41.92**	**16.04**	**26.36**	**22.26**	**422.40**	**4,150.66**
As at April 01, 2020	**620.81**	**192.22**	**2,802.45**	**41.05**	**16.04**	**26.18**	**22.11**	**422.40**	**4,143.26**
Additions	-	-	124.13	2.13	-	2.46	0.89	-	129.61
Transferred to assets held for sale (refer note 39 of Annexure VII)	(26.89)	-	-	-	-	-	-	-	(26.89)
Disposals	-	-	(1.04)	-	-	-	-	-	(1.04)
As at March 31, 2021	**593.92**	**192.22**	**2,925.54**	**43.18**	**16.04**	**28.64**	**23.00**	**422.40**	**4,244.94**
Additions	-	-	14.64	0.36	-	0.50	1.41	-	16.91
Disposals	-	-	-	-	-	-	-	-	-
As at June 30, 2021	**593.92**	**192.22**	**2,940.18**	**43.54**	**16.04**	**29.14**	**24.41**	**422.40**	**4,261.85**
Accumulated depreciation									
As at April 01, 2018 (As adjusted)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Charge for the year	-	8.02	218.79	2.53	2.16	3.55	5.04	40.15	280.24
Disposals	-	-	(1.53)	-	-	-	-	-	(1.53)
As at March 31, 2019 (As adjusted)	**-**	**8.02**	**217.26**	**2.53**	**2.16**	**3.55**	**5.04**	**40.15**	**278.71**
Charge for the year	-	11.24	297.36	4.02	2.45	4.88	6.59	51.87	378.41
Disposals	-	-	(0.07)	-	-	-	-	-	(0.07)
As at March 31, 2020	**-**	**19.26**	**514.55**	**6.55**	**4.61**	**8.43**	**11.63**	**92.02**	**657.05**
Charge for the three months period	-	2.80	78.58	1.13	0.61	1.39	1.74	12.97	99.22
Disposals	-	-	-	-	-	-	-	-	-
As at June 30, 2020	**-**	**22.06**	**593.13**	**7.68**	**5.22**	**9.82**	**13.37**	**104.99**	**756.27**
As at April 01, 2020	**-**	**19.26**	**514.55**	**6.55**	**4.61**	**8.43**	**11.63**	**92.02**	**657.05**
Charge for the year	-	11.25	316.17	4.59	2.45	5.54	6.15	51.87	398.02
Disposals	-	-	(0.60)	-	-	-	-	-	(0.60)
As at March 31, 2021	**-**	**30.51**	**830.12**	**11.14**	**7.06**	**13.97**	**17.78**	**143.89**	**1,054.47**
Charge for the three months period	-	2.80	80.59	1.18	0.61	1.42	1.27	12.97	100.84
Disposals	-	-	-	-	-	-	-	-	-
As at June 30, 2021	**-**	**33.31**	**910.71**	**12.32**	**7.67**	**15.39**	**19.05**	**156.86**	**1,155.31**
Net Block (Deemed Cost/Cost)									
As at March 31, 2019 (As adjusted)	**620.81**	**183.50**	**2,188.34**	**26.99**	**13.88**	**13.21**	**10.40**	**382.25**	**3,439.38**
As at March 31, 2020	**620.81**	**172.96**	**2,287.90**	**34.50**	**11.43**	**17.75**	**10.48**	**330.38**	**3,486.21**
As at June 30, 2020	**620.81**	**170.16**	**2,215.52**	**34.24**	**10.82**	**16.54**	**8.89**	**317.41**	**3,394.39**
As at March 31, 2021	**593.92**	**161.71**	**2,095.42**	**32.04**	**8.98**	**14.67**	**5.22**	**278.51**	**3,190.47**
As at June 30, 2021	**593.92**	**158.91**	**2,029.47**	**31.22**	**8.37**	**13.75**	**5.36**	**265.54**	**3,106.54**

Notes:

1.On transition to Ind AS (i.e., April 01, 2019), the Company has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of respective items of Property, plant and equipment. For these Property, plant and equipment, the Company has taken deemed cost exemption as of Proforma Ind AS transition date of April 01, 2018 for Proforma Summary Statements for the year ended March 31, 2019.

2. Refer note 17 of annexure VII for details of assets pledged as security for borrowings.

3. There are no Immovable Properties which are not held in name of the Company.

4. Capital-Work-in Progress (CWIP) ageing schedule

As at June 30, 2020

	Amount in CWIP for a period of				
	less than 1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in progress	4.54	1.04	-	-	5.58
- Projects temporarily suspended	-	-	-	-	-

As at March 31, 2020

	Amount in CWIP for a period of				
	less than 1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in progress	1.01	2.43	-	-	3.44
- Projects temporarily suspended	-	-	-	-	-

As at March 31, 2019 (As adjusted)

	Amount in CWIP for a period of				
	less than 1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in progress	2.43	-	-	-	2.43
- Projects temporarily suspended	-	-	-	-	-

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(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

4 Intangible Assets

	Computer Software	Total
Gross Block (Deemed Cost/Cost)		
As at April 01, 2018 (As adjusted)	11.42	11.42
Additions	22.80	22.80
As at March 31, 2019 (As adjusted)	**34.22**	**34.22**
Additions	22.36	22.36
As at March 31, 2020	**56.58**	**56.58**
Additions	0.88	0.88
As at June 30, 2020	**57.46**	**57.46**
As at April 01, 2020	56.58	56.58
Additions	4.03	4.03
As at March 31, 2021	**60.61**	**60.61**
Additions	0.62	0.62
As at June 30, 2021	**61.23**	**61.23**
Accumulated amortisation		
As at April 01, 2018 (As adjusted)	-	-
Amortisation for the year	9.29	9.29
As at March 31, 2019 (As adjusted)	**9.29**	**9.29**
Amortisation for the year	14.75	14.75
As at March 31, 2020	**24.04**	**24.04**
Amortisation for the three months period	4.58	4.58
As at June 30, 2020	**28.62**	**28.62**
As at April 01, 2020	24.04	24.04
Amortisation for the year	17.71	17.71
As at March 31, 2021	**41.75**	**41.75**
Amortisation for the three months period	3.98	3.98
As at June 30, 2021	**45.73**	**45.73**
Net Block (Deemed Cost/Cost)		
As at March 31, 2019 (As adjusted)	**24.93**	**24.93**
As at March 31, 2020	**32.54**	**32.54**
As at June 30, 2020	**28.84**	**28.84**
As at March 31, 2021	**18.86**	**18.86**
As at June 30, 2021	**15.50**	**15.50**

Intangible assets under development ageing schedule

As at June 30, 2021	**Amount of Intangible assets under development for a period of**				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
- Projects in progress	1.90	0.14	-	-	2.04
- Projects temporarily suspended	-	-	-	-	-

As at March 31, 2021	**Amount of Intangible assets under development for a period of**				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
- Projects in progress	0.88	-	-	-	0.88
- Projects temporarily suspended	-	-	-	-	-

As at June 30, 2020	**Amount of Intangible assets under development for a period of**				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
- Projects in progress	0.14	-	-	-	0.14
- Projects temporarily suspended	-	-	-	-	-

Notes:
1. On transition to Ind AS (i.e., April 01, 2019) the Company has elected to continue with the carrying value for all of its intangible assets measured as per the previous GAAP and used that carrying value as the deemed cost of intangibles assets. For these intangible assets, the Company has taken deemed cost exemption as of Proforma Ind AS transition date of April 01, 2018 for Proforma Summary Statements for the year ended March 31, 2019.

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(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

5 Investments

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
At fair value through profit or loss					
Investment in Quoted equity shares	0.03	0.03	0.02	0.01	0.03
704 Equity shares (June 30, 2020: 704 shares, March 31, 2021 : 704 shares, March 31, 2020: 704 shares, March 31, 2019: 704 shares) of Rs.10 each, fully paid-up in IDBI Bank Limited					
	0.03	**0.03**	**0.02**	**0.01**	**0.03**
Aggregate book value of quoted investments	0.03	0.03	0.02	0.01	0.03
Aggregate market value of quoted investments	0.03	0.03	0.02	0.01	0.03

6 Loans
(unsecured, considered good, unless otherwise stated)
At amortised cost

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Non-current					
Employee loans	4.68	4.32	4.34	5.80	6.21
	4.68	**4.32**	**4.34**	**5.80**	**6.21**
Current					
Employee loans	10.85	9.59	3.46	11.66	11.76
	10.85	**9.59**	**3.46**	**11.66**	**11.76**

7 Other financial assets
(unsecured, considered good, unless otherwise stated)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Non-Current					
At amortised cost					
Security deposits	21.47	19.83	21.05	21.07	17.74
Balance with banks:					
-bank deposits with original maturity of more than 12 months	-	0.23	-	-	-
	21.47	**20.06**	**21.05**	**21.07**	**17.74**
Current					
At amortised cost					
Unbilled lease income	-	-	-	-	1.85
Export incentive entitlements receivable	123.80	112.99	119.00	150.39	119.25
Interest accrued on fixed deposit	0.10	-	0.06	-	-
Security deposit	1.82	1.66	1.78	-	-
At fair value through profit or loss					
Derivative contracts - Foreign Exchange Forward Contract (FEFC)	12.80	-	13.39	-	33.84
	138.52	**114.65**	**134.23**	**150.39**	**154.94**

8 Income tax assets/ liabilities (net)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Non-Current					
Income tax assets (net)					
Income tax asset (Net of income tax liability)	66.85	88.19	66.34	88.12	70.82
	66.85	**88.19**	**66.34**	**88.12**	**70.82**
Current					
Income tax liabilities (net)					
Income tax liability (Net of income tax asset)					4.80
	-	**-**	**-**	**-**	**4.80**

9 Deferred tax assets / (liabilities) (net)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Gross deferred tax liabilities					
Property plant and equipment (including land cost) and Intangible assets: Impact of difference between net block as per tax books and net block as per the financial reporting	284.30	299.67	290.98	303.47	380.09
Others	3.22	-	3.37	-	16.60
(A)	**287.52**	**299.67**	**294.35**	**303.47**	**396.69**
Gross deferred tax assets					
Unused tax losses	20.48	47.51	44.50	-	-
MAT Credit Entitlement	-	-	-	-	39.80
Others	84.78	83.83	81.53	79.85	81.58
(B)	**105.26**	**131.34**	**126.03**	**79.85**	**121.38**
Net deferred tax liabilities (B-A)	**(182.26)**	**(168.33)**	**(168.32)**	**(223.62)**	**(275.31)**

Note : The Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance') provides an option to domestic companies to pay income-tax at a lower rate of 25.17% instead of the normal rate of 34.94%, if it opts for not availing of certain specified exemptions or incentives. During the year ended March 31, 2020, the Company had made an assessment of the impact of the Ordinance and expects to opt for the lower rate of taxation of 25.17% with effect from financial year 2020-21. Consequently, the Company had measured the deferred tax liabilities as at March 31, 2020 at the lower rate of taxation of 25.17% and the impact thereon of Rs. 86.80 million was credited to the statement of profit and loss under deferred tax charge/(credit).

Maini Precision Products Limited
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Annexure VII
Notes to Restated Summary Statements

10 Other assets
(unsecured, considered good, unless otherwise stated)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Non - current					
Capital Advances	16.00	56.77	14.19	67.56	60.14
Deposits with government authorities	13.68	14.27	13.68	14.27	12.12
Prepaid expenses	3.24	3.49	3.06	3.64	1.18
Balances recoverable from government authorities	7.40	7.88	7.10	6.80	12.33
	40.32	**82.41**	**38.03**	**92.27**	**85.77**
Current					
Prepaid expenses	28.30	22.24	28.36	34.59	34.86
Balances recoverable from government authorities	302.53	116.63	222.32	109.47	217.28
Vendor advances (refer note 37 of Annexure VII)	77.77	39.92	53.95	38.48	31.58
	408.60	**178.79**	**304.63**	**182.54**	**283.72**

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(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

11 Inventories

(valued at lower of cost and net realisable value)	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Raw materials and components	466.68	366.16	446.93	368.73	321.95
Work-in-progress	485.90	386.48	397.48	445.38	348.75
Finished goods	811.72	605.99	749.64	580.76	643.44
Stores, spares and tools	122.63	121.17	111.17	132.59	88.66
	1,886.93	**1,479.80**	**1,705.22**	**1,527.46**	**1,402.80**
Notes:					
(a) Inventories in transit:					
Raw materials and components	20.65	21.82	16.06	22.30	72.72
Finished Goods	317.03	127.73	296.60	176.45	247.31
	337.68	**149.55**	**312.66**	**198.75**	**320.03**

(b) The amount of write-down of inventories including on account of carrying inventories at net realisable value recognised/(reversed) during the three month period ended / year ended June 30, 2021 is Rs. 28.76 Million (June 30, 2020 is Rs. (15.57) Million; March 31, 2021 is Rs. (19.28) Million ; March 31, 2020: Rs. 62.33 Million and March 31, 2019 is Rs. 10.07 Million).

12 Trade receivables

(unsecured, considered good, unless as otherwise stated)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Current					
Trade receivables - others	1,097.61	748.76	1,142.49	1,166.71	1,120.80
Less: Expected credit loss allowance (simplified approach)	(13.65)	(13.52)	(14.99)	(14.73)	(19.73)
Total trade receivables	**1,083.96**	**735.24**	**1,127.50**	**1,151.98**	**1,101.07**

Notes:

(i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) Trade receivables are non interest bearing and generally on terms of upto 90 days.

(iii) There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

(iv) Movement in expected credit loss allowance under simplified approach are provided in the table below:

Expected credit loss allowance	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
At the beginning of the year / period	14.99	14.73	14.73	19.73	11.27
Provision made during the period / year	-	-	0.26	-	8.46
(Utilized) / reversed during the period / year	(1.34)	(1.21)	-	(5.00)	-
At the end of the year / period	**13.65**	**13.52**	**14.99**	**14.73**	**19.73**

Trade Receivables ageing schedule

As at June 30, 2021	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	892.78	188.52	6.00	10.31	-	-	**1,097.61**
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-

As at June 30, 2020	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	501.98	220.97	4.55	16.65	0.73	3.88	**748.76**
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-

As at March 31, 2021	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	909.92	199.64	16.94	15.99	-	-	**1,142.49**
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-

As at March 31, 2020	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	971.33	168.60	21.78	0.24	1.04	3.72	**1,166.71**
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-

(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

As at March 31, 2019 (As adjusted)	**Current but not due**	**Outstanding for following periods from due date of payment**					**Total**
		Less than 6 months	**6 months -1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
(i) Undisputed trade receivables – considered good	679.99	405.09	13.52	13.82	6.00	2.38	**1,120.80**
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-

13 Cash and cash equivalents

	As at June 30, 2021	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
Cash on hand	0.06	0.28	0.02	0.08	0.06
Balances with banks:					
- in current accounts	9.87	4.63	3.86	34.32	2.25
- in Exchange Earner's Foreign Currency ('EEFC') accounts	7.36	5.49	19.89	11.07	-
- in cash credit accounts	40.85	3.36	12.37	4.52	54.15
- in deposit accounts with original maturity of less than 3 months	1.08	-	0.90	0.05	50.38
	59.22	**13.76**	**37.04**	**50.04**	**106.84**

14 Bank balances other than cash and cash equivalents

	As at June 30, 2021	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
Balance with banks:					
- bank deposits with original maturity of more than 3 months but less than 12 months	1.97	-	1.95	-	-
	1.97	**-**	**1.95**	**-**	**-**

Note: Changes in liabilities arising from financing activities*:	**Non-current borrowings**	**Current borrowings**	**Interest accrued**
As at April 01, 2018 (As adjusted)	**1,659.54**	**992.33**	**5.99**
Cash Inflow	1,012.46	431.89	-
Cash Outflow	(238.27)	-	(166.02)
Interest expense	-	-	162.25
Loss/(gain) on fair valuation of CCPS	428.29	-	-
Others	(317.45)	317.45	-
Effect of changes in exchange difference	-	(22.57)	13.86
As at March 31, 2019 (As adjusted)	**2,544.57**	**1,719.10**	**16.08**
As at April 01, 2019	**2,544.57**	**1,719.10**	**16.08**
Cash Inflow	250.00	101.91	-
Cash Outflow	(317.45)	-	(209.70)
Interest expense	-	-	194.96
Loss/(gain) on fair valuation of CCPS	431.74	-	-
Others	139.62	(139.62)	-
Effect of changes in exchange difference	-	16.99	9.29
As at March 31, 2020	**3,048.48**	**1,698.38**	**10.63**
As at April 01, 2020	**3,048.48**	**1,698.38**	**10.63**
Cash Inflow	-	-	-
Cash Outflow	(10.84)	(221.24)	(30.11)
Interest expense	-	-	45.76
Loss/(gain) on fair valuation of CCPS	11.07	-	-
Others	(71.31)	71.31	-
Effect of changes in exchange difference	-	6.63	0.83
Conversion of interest into loan**	17.55	-	(17.55)
As at June 30, 2020	**2,994.95**	**1,555.08**	**9.56**
As at April 01, 2020	**3,048.48**	**1,698.38**	**10.63**
Cash Inflow	200.00	138.29	-
Cash Outflow	(179.45)	-	(141.24)
Interest expense	-	-	177.19
Loss/(gain) on fair valuation of CCPS	287.60	-	-
Others	(115.84)	115.84	-
Effect of changes in exchange difference	-	0.30	4.31
Conversion of interest into loan**	42.55	-	(42.55)
As at March 31, 2021	**3,283.34**	**1,952.81**	**8.34**
As at April 01, 2021	**3,283.34**	**1,952.81**	**8.34**
Cash Inflow	182.50	175.04	-
Cash Outflow	(256.55)	-	(44.61)
Interest expense	-	-	44.35
Loss/(gain) on fair valuation of CCPS	60.22	-	-
Others	46.39	(46.39)	
Effect of changes in exchange difference	-	2.14	1.22
As at June 30, 2021	**3,315.90**	**2,083.60**	**9.30**

*Changes in liabilities arising from lease liabilities are covered in Note 40 of Annexure VII
** Includes the effect of movement in due to conversion of interest into non-current borrowings.

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15 Equity share capital

	Number of shares (in million)	Amount in million
Authorised share capital		
Equity shares:		
Equity shares of Rs. 10 each		
As at April 01, 2018 (As adjusted)	**12.00**	**120.00**
Increase / (decrease) during the year	-	-
As at March 31, 2019 (As adjusted)	**12.00**	**120.00**
Increase / (decrease) during the year	-	-
As at March 31, 2020	**12.00**	**120.00**
Increase / (decrease) during the three months period	-	-
As at June 30, 2020	**12.00**	**120.00**
As at April 01, 2020	**12.00**	**120.00**
Increase / (decrease) during the year	-	-
As at March 31, 2021	**12.00**	**120.00**
Increase / (decrease) during the three months period	-	-
As at June 30, 2021	**12.00**	**120.00**

Preference Shares:

Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs. 10 each	Number of shares (in million)	Amount in Rs. million
As at April 01, 2018 (As adjusted)	28.50	285.00
Increase / (decrease) during the year	-	-
As at March 31, 2019 (As adjusted)	**28.50**	**285.00**
Increase / (decrease) during the year	-	-
As at March 31, 2020	**28.50**	**285.00**
Increase / (decrease) during the three months period	-	-
As at June 30, 2020	**28.50**	**285.00**
As at April 01, 2020	**28.50**	**285.00**
Increase / (decrease) during the year	-	-
As at March 31, 2021	**28.50**	**285.00**
Increase / (decrease) during the three months period	-	-
As at June 30, 2021	**28.50**	**285.00**

Issued, subscribed and fully paid up equity share capital of Rs. 10 each: (Refer note 15(e) of Annexure VII)

	Number of shares (in million)	Amount in million
As at April 01, 2018 (As adjusted)	8.26	82.63
Increase / (decrease) during the year	-	-
As at March 31, 2019 (As adjusted)	**8.26**	**82.63**
Increase / (decrease) during the year	-	-
As at March 31, 2020	**8.26**	**82.63**
Increase / (decrease) during the three months period	-	-
As at June 30, 2020	**8.26**	**82.63**
As at April 01, 2020	8.26	82.63
Increase / (decrease) during the year	-	-
As at March 31, 2021	**8.26**	**82.63**
Increase / (decrease) during the three months period	-	-
As at June 30, 2021	**8.26**	**82.63**

a) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the reporting period

Equity Shares	**For the year ended March 31, 2021**		**For the year ended March 31, 2020**		**For the year ended March 31, 2019 (As adjusted)**	
	No. of shares (in million)	**Rs. in Million**	**No. of shares (in million)**	**Rs. in Million**	**No. of shares (in million)**	**Rs. in Million**
Number of shares and capital outstanding at the beginning and end of the year	8.26	82.63	8.26	82.63	8.26	82.63
Total	**8.26**	**82.63**	**8.26**	**82.63**	**8.26**	**82.63**

Equity Shares	**For the three months period ended June 30, 2021**		**For the three months period ended June 30, 2020**	
	No. of shares	**Rs. in Million**	**No. of shares**	**Rs. in Million**
Number of shares and capital outstanding at the beginning and end of the three months period	8.26	82.63	8.26	82.63
Total	**8.26**	**82.63**	**8.26**	**82.63**

(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

15 Equity Share Capital

b) Details of Equity shareholders holding more than 5% shares in the Company: -

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Equity shares (with voting rights)					
Equity shares of ₹10 each fully paid					
Mr. Gautam Maini (Managing Director)*					
No of shares	1.88	1.88	1.88	1.88	1.88
% of holding	22.77%	22.77%	22.77%	22.77%	22.77%
Mr. Sandeep Kumar Maini (Director)*					
No of shares	2.48	2.48	2.48	2.48	2.79
% of holding	29.95%	29.95%	29.95%	29.95%	33.74%
Mr. Chetan Kumar Maini*					
No of shares	1.88	1.88	1.88	1.88	1.88
% of holding	22.77%	22.77%	22.77%	22.77%	22.77%
Paragon Partners Growth Fund I					
No of shares	1.10	1.10	1.10	1.10	1.10
% of holding	13.30%	13.30%	13.30%	13.30%	13.30%

As at March 31, 2020, Mr. Sandeep Kumar Maini's holding in the Company was 29.95% as against 33.74% as at March 31, 2019.
*Promoter as per Section 2(69) of the Companies Act, 2013.

c) Terms/ rights attached to Equity Shares

The Company has only one class of equity shares with voting rights having a par value of Rs. 10 per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

During the year ended March 31, 2016 the Company has allotted 7,842,145 fully paid-up bonus shares, having a face value of Rs. 10 per share by capitalisation of securities premium. No further bonus shares were issued during five years immediately preceding respective period/year end.

The Company has not issued shares without payment being received in cash during preceeding period/year end.

e) Shares reserved for issue under options

During the year ended March 31, 2017 and March 31, 2020, the Company had issued 2,400,000 'Series A', 0.0001% Compulsorily Convertible Cumulative Preference Shares and 625,000 'Series B', 0.0001% Compulsorily Convertible Cumulative Preference Shares (collectively referred to as 'CCPS'), respectively, which are held by the investors. The instrument has been designated as financial liability measured at fair value through profit or loss as at each Balance Sheet date. (Refer note 17 of Annexure VII).

16 Other equity

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Capital Reserve*	0.41	0.41	0.41	0.41	0.41
General Reserve*	7.38	7.38	7.38	7.38	7.38
Securities Premium*	83.17	83.17	83.17	83.17	83.17
Other Reserve	587.72	587.72	587.72	587.72	587.72
Retained Earnings					
Opening Balance	(998.37)	(517.90)	(517.90)	(282.86)	(88.46)
Restated profit / (loss) for the period / year	(27.73)	(149.93)	(468.81)	(226.47)	(183.57)
Restated other comprehensive income	7.89	(24.82)	(11.66)	(8.57)	(10.83)
Closing balance	**(1,018.21)**	**(692.65)**	**(998.37)**	**(517.90)**	**(282.86)**
Ind AS adjustments (As adjusted)	-	-	-	-	-
Closing balance after restatement adjustments	**(1,018.21)**	**(692.65)**	**(998.37)**	**(517.90)**	**(282.86)**
	(339.53)	**(13.97)**	**(319.69)**	**160.78**	**395.82**

*There have been no movement during the period/year.

(ii) Nature and purpose of other reserves

1) Capital Reserve: Capital Reserve represents reserve towards capital subsidy received by the Company.
2) General Reserve: General reserve represents appropriation of profit.
3) Securities Premium: Security premium is used to record the premium received on issue of shares and the same is to be utilised in accordance with the provisions of The Companies Act, 2013.
4) Other Reserve: Other reserve represents balance outstanding in the revaluation reserve on revaluation of land as at the Ind AS transition date. Also refer note 43 of Annexure VII
5) Retained Earnings: Retained Earnings represents the profits earned till date, less any transfer to General reserve, dividends or other distributions paid to the shareholders.

(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

17 Borrowings

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Non current					
At amortised cost					
Secured					
Term loans from banks	742.60	1,140.57	998.59	1,133.35	1,448.82
Vehicle loans from banks	1.96	4.15	2.52	4.66	6.64
Term loans from banks under Emergency Credit Line Guarantee (ECLG) scheme	382.50	-	200.00	-	-
At fair value through profit or loss					
Unsecured					
0.0001% CCPS (refer note 6 below) (also refer note 37 of Annexure VII)					
Series A	1,957.02	1,645.00	1,902.67	1,643.55	1,406.56
Series B	479.10	454.37	473.23	444.75	-
	3,563.18	**3,244.09**	**3,577.01**	**3,226.31**	**2,862.02**
Less:					
Current maturities of long-term loans (disclosed as current borrowings)					
At amortised cost					
Term loans from banks	227.20	246.96	285.73	175.69	315.47
Vehicle loans from banks	1.96	2.18	2.32	2.14	1.98
Term loans from banks under ECLG scheme	18.12	-	5.62	-	-
	247.28	**249.14**	**293.67**	**177.83**	**317.45**
Total non-current borrowings	**3,315.90**	**2,994.95**	**3,283.34**	**3,048.48**	**2,544.57**
Current					
At amortised cost					
Secured					
Loan from banks repayable on demand					
Cash credit	-	23.87	4.81	5.04	-
Export packing credit	1,138.28	728.62	755.67	877.94	647.58
Bill discounting	330.53	553.45	562.16	637.57	754.07
Current maturity of long term loans	247.28	249.14	293.67	177.83	317.45
Unsecured					
Loan from banks repayable on demand					
Bill discounting	367.51	-	336.50	-	-
Total current borrowings	**2,083.60**	**1,555.08**	**1,952.81**	**1,698.38**	**1,719.10**

Notes
Borrowing details:

1. Secured Loans - term loans from banks
(a) Repayment terms: repayable in 16-72 months in equal monthly/quarterly instalments by FY 2026.
(b) Security details: secured by charge on movable assets and current assets and an extension of the charge on immovable assets of the Company and backed by personal guarantees of Mr. Gautam Maini, Managing Director and Mr. Sandeep Kumar Maini, Director of the Company.
(c) Interest rate p.a.: 7% to 10%.

The Company has not complied with certain covenants as per the relevant lender agreement. Based on past experience of the Company and waiver received from the lenders, the Company has classified these borrowings as current / non-current as per the original terms of the agreement.

The Company had opted for moratorium pertaining to principal and interest due as per the notification issued by the Reserve Bank of India dated March 27, 2020 on account of impact from COVID-19 outbreak, which had been approved by the lenders during the year ended March 31, 2021.

2. Secured Loans - vehicle loans from banks
(a) Repayment terms: repayable in 60 months in equal monthly instalments by FY 2023.
(b) Security details: secured by hypothecation of vehicle of the Company financed by such borrowings.
(c) Interest rate p.a.: 8% to 9%.

3. Secured Loans - term loans from banks under ECLG scheme
(a) Repayment terms: repayable in 48 months in equal monthly instalments by FY 2026.
(b) Security details: secured by charge on movable, immovable assets and current assets of the Company and guaranteed by National Credit Guarantee Trustee Company Limited (Ministry of Finance, Government of India) and also backed by personal guarantees of Mr. Gautam Maini, Managing Director and Mr. Sandeep Kumar Maini, Director of the Company.
(c) Interest rate p.a.: 6% to 7.5%.

4. Secured Loans - loan from banks repayable on demand
(a) Repayment terms: repayable on demand.
(b) Security details: secured by charge on current assets and an extension of the charge on movable / immovable plant, property and equipments of the Company and backed by personal guarantees of Mr. Gautam Maini, Managing Director and Mr. Sandeep Kumar Maini, Director of the Company.
(c) Interest rate p.a.: 9% to 10%.

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5. Unsecured Loans - loan from banks repayable on demand
(a) Repayment terms: repayable on demand.
(b) Security details: unsecured loan backed by personal guarantees of Mr. Gautam Maini, Managing Director and Mr. Sandeep Kumar Maini, Director of the Company.
(c) Interest rate p.a.: 6% to 9%.

6. Terms of conversion/redemption of CCPS
As per the terms of instrument, the investors have certain redemption options including return thereon determined as per the relevant agreement. CCPS is convertible in whole or in part, into equity shares as per the terms of the relevant agreement at any time before 19 years from the date of issuance at the option of the holder of such CCPS at a ratio determined as per the relevant agreement. If the holder exercises the option, the Company will issue 1 equity share for 13.08 ('Series A' CCPS) and 1.61('Series B' CCPS) preference share held. The investors have various rights/option as per the relevant clause of the Agreement including buy back of shares by the Company. The instrument has been designated as financial liability measured at fair value through profit or loss as at each Balance Sheet date.

CCPS carry cumulative dividend @ 0.0001% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holders of CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an 'as if converted' basis.

CCPS allotted will have priority with respect to payment of dividend. In a liquidation event, the holder of the CCPS shall have preference over the other shareholders of the Company, including promoters for return of their capital. The proceeds of a liquidation event shall be distributed as determined as per the relevant agreement.

Fair value (Gain)/Loss on CCPS (designated at Fair Value through Profit and Loss (FVTPL)) in the statement of Profit and Loss represents the fair value changes (net) on the outstanding CCPS and is in the nature of non cash item which doesn't entail any inflow/outflow of cash.

Details of preference shareholders holding more than 5% of preference shares of the Company

	Series A' 0.0001% CCPS of ₹10 each		Series B' 0.0001% CCPS of ₹10 each	
	Number of shares (in million)	% holding	Number of shares (in million)	% holding
(i) Paragon Partners Growth Fund I				
As at April 01, 2018 (As adjusted)	18.38	76.58%	-	-
Increase / (decrease) during the year	-		-	
As at March 31, 2019 (As adjusted)	18.38	76.58%	-	-
Increase / (decrease) during the year	-		0.48	
As at March 31, 2020	18.38	76.58%	0.48	76.58%
Increase / (decrease) during the three months period	-		-	
As at June 30, 2020	18.38	76.58%	0.48	76.58%
			-	
As at April 01, 2020	18.38	76.58%	0.48	76.58%
Increase / (decrease) during the year	-		-	
As at March 31, 2021	18.38	76.58%	0.48	76.58%
Increase / (decrease) during the three months period	-		-	
As at June 30, 2021	18.38	76.58%	0.48	76.58%
(i) New Quest Asia Investments II Limited				
As at April 01, 2018 (As adjusted)	5.62	23.42%	-	-
Increase / (decrease) during the year	-		-	
As at March 31, 2019 (As adjusted)	5.62	23.42%	-	-
Increase / (decrease) during the year	-		0.15	
As at March 31, 2020	5.62	23.42%	0.15	23.42%
Increase / (decrease) during the three months period	-		-	
As at June 30, 2020	5.62	23.42%	0.15	23.42%
			-	
As at April 01, 2020	5.62	23.42%	0.15	23.42%
Increase / (decrease) during the year	-		-	
As at March 31, 2021	5.62	23.42%	0.15	23.42%
Increase / (decrease) during the three months period	-		-	
As at June 30, 2021	5.62	23.42%	0.15	23.42%

18 Lease liabilities

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Non Current					
At amortised cost					
Lease liabilities (Refer Note 40 of Annexure VII)	227.09	254.29	233.79	260.21	282.74
	227.09	**254.29**	**233.79**	**260.21**	**282.74**
Current					
At amortised cost					
Lease liabilities (Refer Note 40 of Annexure VII)	76.86	83.75	79.29	85.18	89.53
	76.86	**83.75**	**79.29**	**85.18**	**89.53**

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19 Other financial liabilities

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Current					
At amortised cost					
Employee related payables	138.96	148.79	122.64	137.42	124.73
Liability for purchase of property, plant and equipment	11.72	17.47	19.42	14.04	33.96
Interest accrued	9.30	9.56	8.34	10.63	16.08
Security Deposit	0.50	0.50	0.50	0.50	0.71
At fair value through profit or loss					
Derivative contracts - Foreign Exchange Forward Contract (FEFC)	-	14.24	-	27.40	-
	160.48	**190.56**	**150.90**	**189.99**	**175.48**

20 Provisions

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Non-current					
Provision for employee benefits					
Gratuity (refer note 33 of Annexure VII)	161.98	150.88	162.92	108.93	109.54
	161.98	**150.88**	**162.92**	**108.93**	**109.54**
Current					
Provision for employee benefits					
Gratuity (refer note 33 of Annexure VII)	10.00	20.00	10.00	20.00	-
Leave benefits	21.92	18.32	25.39	34.03	39.18
Provision for warranties (refer note below)	2.42	2.85	2.06	2.85	2.81
	34.34	**41.17**	**37.45**	**56.88**	**41.99**

Note: Provision for warranties

A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties are current sales level and past level of repairs and returns. The movement in provision is as below.

Movement during the year - Provision for warranty

	Amount
Balance as at April 01, 2018 (As adjusted)	**-**
Provided during the year	2.81
Reversed during the year	-
Balance as at March 31, 2019 (As adjusted)	**2.81**
Provided during the year	0.04
Reversed during the year	-
Balance as at March 31, 2020	**2.85**
Provided during the period	-
Reversed during the period	-
Balance as at June 30, 2020	**2.85**
Balance as at April 1, 2020	**2.85**
Provided during the year	
Reversed during the year	(0.79)
Balance as at March 31, 2021	**2.06**
Balance as at March 31, 2021	**2.06**
Provided during the period	0.36
Reversed during the period	-
Balance as at June 30, 2021	**2.42**

21 Trade payables

At amortised cost

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Total outstanding dues of micro and small enterprises - refer note (ii) below	72.26	7.75	91.36	16.88	22.47
Total outstanding dues of creditors other than micro and small enterprises (refer note 37 of Annexure VII)	796.01	626.29	738.38	854.78	942.34
	868.27	**634.04**	**829.74**	**871.66**	**964.81**

(All amounts in Indian Rupees Million, except as otherwise stated)

Terms and conditions of above trade payables:
(i) Trade payables are non-interest bearing and are normally settled on 30-90 days terms.
(ii) Amounts due to micro, small and medium enterprises ('MSME') under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) is based on the information available with the Company and is as summarised below:

Note:	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Principal amount remaining unpaid to MSME (Micro, small and medium enterprise) supplier as at the end of each accounting year / period:	72.16	7.71	91.06	16.39	22.47
Interest due thereon remaining unpaid to MSME supplier as at the end of each accounting year / period:	0.10	0.04	0.30	0.49	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year / period	-	-	0.49	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year / period) but without adding the interest specified under the MSMED Act 2006.	-	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year / period	0.10	0.04	0.30	0.49	-
The amount of further interest remaining due and payable even in the succeeding years / periods, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	0.40	0.53	0.30	0.49	-

Trade payables ageing schedule

As at June 30, 2021

a) Trade payables where due date of payment is available

	Outstanding for following periods from due date of payment				
	less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Total outstanding dues of micro enterprises and small enterprises	71.86	-	-	-	**71.86**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	604.53	24.28	2.15	0.40	**631.36**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

b) Trade payables other than (a) above*

	Outstanding for following periods from date of transaction				
	less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Total outstanding dues of micro enterprises and small enterprises	0.40	-	-	-	**0.40**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	164.65	-	-	-	**164.65**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

As at June 30, 2020

a) Trade payables where due date of payment is available

	Outstanding for following periods from due date of payment				
	less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Total outstanding dues of micro enterprises and small enterprises	7.18	-	-	-	**7.18**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	451.74	9.30	2.28	0.27	**463.59**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

b) Trade payables other than (a) above*

	Outstanding for following periods from date of transaction				
	less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Total outstanding dues of micro enterprises and small enterprises	0.53	-	-	-	**0.53**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	162.74	-	-	-	**162.74**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

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As at March 31, 2021

a) Trade payables where due date of payment is available

	Outstanding for following periods from due date of payment				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Total outstanding dues of micro enterprises and small enterprises	91.06	-	-	-	**91.06**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	594.50	24.60	9.20	-	**628.30**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

b) Trade payables other than (a) above*

	Outstanding for following periods from date of transaction				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Total outstanding dues of micro enterprises and small enterprises	0.30	-	-	-	**0.30**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	110.08	-	-	-	**110.08**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

As at March 31, 2020

a) Trade payables where due date of payment is available

	Outstanding for following periods from due date of payment				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Total outstanding dues of micro enterprises and small enterprises	16.39	0.00	-	-	**16.39**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	413.73	5.37	2.45	1.08	**422.63**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

b) Trade payables other than (a) above*

	Outstanding for following periods from date of transaction				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Total outstanding dues of micro enterprises and small enterprises	0.49	-	-	-	**0.49**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	432.15	-	-	-	**432.15**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

As at March 31, 2019 (As adjusted)

a) Trade payables where due date of payment is available

	Outstanding for following periods from due date of payment				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Total outstanding dues of micro enterprises and small enterprises	22.47	-	-	-	**22.47**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	573.52	3.99	2.48	1.73	**581.72**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

b) Trade payables other than (a) above*

	Outstanding for following periods from date of transaction				
	less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	360.62	-	-	-	**360.62**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-

*Represents accrued expenses and goods in transit (inwards) as at respective balance sheet dates.

(All amounts in Indian Rupees Million, except as otherwise stated)

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22 Other current liabilities

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Advance from customers	1.76	0.10	0.30	0.27	6.55
Withholding taxes payable	7.08	3.96	6.90	4.62	3.94
Statutory dues payable	11.65	10.02	12.21	11.90	11.63
	20.49	**14.08**	**19.41**	**16.79**	**22.12**

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23 Revenue from operations (Also refer Note 42 of Annexure VII)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Sale of goods (refer note 37 of Annexure VII)					
- Automotive and Industrial	1,170.28	426.62	3,686.96	3,992.45	4,252.06
- Aerospace	138.89	105.28	423.31	1,447.53	1,109.00
Sale of services - Engineering services	5.17	4.56	14.88	39.98	27.65
Other operating revenue					
Export incentive entitlement	20.45	16.62	93.19	170.03	155.07
Scrap sales	21.71	5.06	55.29	58.02	59.27
	1,356.50	**558.14**	**4,273.63**	**5,708.01**	**5,603.05**

24 Other income

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Interest income					
- on bank deposits	0.04	-	0.06	1.81	1.40
- on other financial assets measured at amortised cost	0.74	0.75	2.55	2.46	2.15
- on other deposits	0.10	0.02	0.32	0.73	-
Fair value gain on financial instruments at fair value through profit or loss					
- on Investments	0.01	0.02	0.01	-	-
- on mark to market of derivative contracts other than CCPS	12.80	-	13.39	-	39.72
Exchange differences (net)	6.38	28.24	57.68	117.49	86.24
Gain on sale/disposal of property, plant and equipment (net)	0.25	-	-	0.02	-
Liabilities and provisions no longer required, written back	0.38	0.77	4.18	4.66	2.15
Provision for expected loss allowance, written back	1.34	1.21	-	5.00	-
Provision for warranties reversed, (net)	-	-	0.79	-	-
Miscellaneous income	0.25	14.68	15.43	1.02	2.61
	22.29	**45.69**	**94.41**	**133.19**	**134.27**

25 Cost of materials consumed

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Raw materials and components consumed (refer note 37 of Annexure VII)	735.54	243.81	2,194.14	2,797.95	2,995.14
	735.54	**243.81**	**2,194.14**	**2,797.95**	**2,995.14**

26 Changes in inventories of finished goods and work-in-progress

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Inventory at the beginning of the year / period (refer note 11 of Annexure VII)					
Work-in-progress	397.48	445.38	445.38	348.75	218.13
Finished goods	749.64	580.76	580.76	643.44	534.94
	1,147.12	**1,026.14**	**1,026.14**	**992.19**	**753.07**
Less: Inventory at the end of the year / period (refer note 11 of Annexure VII)					
Work-in-progress	485.90	386.48	397.48	445.38	348.75
Finished goods	811.72	605.99	749.64	580.76	643.44
	1,297.62	**992.47**	**1,147.12**	**1,026.14**	**992.19**
Net (Increase)/Decrease in inventories of finished goods and work-in-progress	**(150.50)**	**33.67**	**(120.98)**	**(33.95)**	**(239.12)**

27 Employee benefits expense

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Salaries, wages and bonus (refer note 37 of Annexure VII)	245.91	184.45	762.25	908.74	855.69
Contribution to provident fund and other funds	17.25	15.61	63.49	70.55	66.61
Gratuity expenses (refer note 33 of Annexure VII)	9.61	8.78	32.41	29.17	24.89
Staff welfare expenses	13.54	6.59	40.76	63.72	56.57
	286.31	**215.43**	**898.91**	**1,072.18**	**1,003.76**

28 Depreciation and amortisation expense

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Depreciation of property, plant and equipment - (refer note 3 of Annexure VII)	87.87	86.25	346.15	326.54	240.08
Depreciation of right-of-use assets - (refer note 3 of Annexure VII)	12.97	12.97	51.87	51.87	40.15
Amortisation of intangible assets - (refer note 4 of Annexure VII)	3.98	4.58	17.71	14.75	9.29
	104.82	**103.80**	**415.73**	**393.16**	**289.52**

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29 Finance costs

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Interest expense on:					
- financial liabilities at amortised cost	44.35	45.76	177.19	194.96	162.25
- lease liabilities (refer note 40 of Annexure VII)	7.08	7.85	30.29	33.05	30.67
Other borrowing costs	1.22	0.82	4.31	9.29	13.86
	52.65	**54.43**	**211.79**	**237.30**	**206.78**

30 Other expenses (refer note 37 of Annexure VII)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Lease rentals and equipment hire charges	1.67	1.22	7.79	6.17	5.55
Contract labour charges	19.86	4.89	50.63	112.61	104.30
Job processing charges	123.38	40.72	346.74	413.82	402.25
Power, fuel and water	37.92	20.69	130.17	155.24	152.87
Repairs and maintenance	9.70	7.22	50.27	77.94	77.76
Insurance	5.56	6.79	21.39	19.86	13.80
Rates and taxes	4.88	1.94	17.23	12.62	23.47
Carriage outwards	61.23	11.49	182.68	122.16	131.46
Warehousing handling charges	14.90	9.37	66.32	52.37	42.43
Legal and professional	11.01	6.62	29.34	53.84	43.82
Travelling and conveyance	3.49	2.37	14.49	48.62	55.81
Expected credit loss allowance	-	-	0.26	-	8.46
Advances written off	-	-	-	-	1.20
Bad debts written off	-	-	3.81	4.94	-
Loss on sale/disposal of property, plant and equipment (net)	-	-	0.35	-	1.48
Loss on mark to market of derivative contracts other than CCPS	-	14.24	-	27.40	-
Loss on fair valuation of investments	-	-	-	0.02	0.02
Loss on fair valuation of CCPS	60.22	11.07	287.60	431.74	428.29
Corporate social responsibility expenditure (refer note a below)	0.14	1.88	5.90	7.10	5.65
Director's sitting fees (refer note 37 of Annexure VII)	-	-	0.34	0.46	0.46
Provision for warranties (net)	0.36	-	-	0.04	2.81
Miscellaneous expenses	12.05	9.05	50.26	62.70	49.91
	366.37	**149.56**	**1,265.57**	**1,609.65**	**1,551.80**

a) Details of expenses incurred on Corporate Social Responsibility (CSR):	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Gross amount required to be spent during the year	5.90	7.10	5.65
Details of amount spent during the year	5.90	7.10	5.65

1. Amount spent during the year ending on March 31, 2021	**Amount paid**	**Yet to be paid**	**Total**
i. Construction/acquisition of any asset	-	-	-
ii. On purposes other than above (refer note b below)	5.90	-	5.90

2. Amount spent during the year ending on March 31, 2020	**Amount paid**	**Yet to be paid**	**Total**
i. Construction/acquisition of any asset	-	-	-
ii. On purposes other than above (refer note b below)	7.10	-	7.10

3. Amount spent during the year ending on March 31, 2019	**Amount paid**	**Yet to be paid**	**Total**
i. Construction/acquisition of any asset			-
ii. On purposes other than above (refer note b below)	5.65	-	5.65

b) The above amount spent represents spend by way of contribution to Charitable Trust - Gramothan Foundation, a related party (also refer note 37 of Annexure VII).

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Annexure VII
Notes to Restated Summary Statements

31 Tax expense

The Company is subject to income tax in India. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Pursuant to the Taxation law (Ammendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 01, 2019, domestic companies have the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Company based on the current projections has chosen to adopt the reduced rates of taxes as per the Income Tax Act, 1961 from the financial year 2020-21 and accordingly the Company has accounted deferred tax asset based on the reduced applicable tax rates.

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
a) Current Tax					
Current income tax charge	0.05	-	23.07	40.19	72.46
	0.05	**-**	**23.07**	**40.19**	**72.46**
b) Deferred tax					
- Relating to the origination and reversal of temporary differences					
> Decrease/(increase) in deferred tax assets	(5.91)	4.37	2.24	4.61	(6.68)
> (Decrease)/increase in deferred tax liabilities	(6.83)	(3.80)	(9.12)	(93.22)	87.03
- Relating to changes in deferred tax on unused tax losses	24.02	(47.51)	(44.50)	-	-
- Relating to changes in deferred tax on unused tax credits - MAT credit	-	-	-	39.80	(39.80)
	11.28	**(46.94)**	**(51.38)**	**(48.81)**	**40.55**
Tax expense reported in the Restated Statement of profit or loss	**11.33**	**(46.94)**	**(28.31)**	**(8.62)**	**113.01**
c) Deferred tax related to items recognised in OCI					
Income tax charge / (credit) relating to re-measurement gains / losses on defined benefit plan	(2.66)	8.35	3.92	2.88	(5.82)
Tax expense reported in the Restated other comprehensive income	**(2.66)**	**8.35**	**3.92**	**2.88**	**(5.82)**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Accounting profit / (loss) before income tax	**(16.40)**	**(196.87)**	**(497.12)**	**(235.09)**	**(70.56)**
Enacted tax rate in India	**25.17%**	**25.17%**	**25.17%**	**34.94%**	**34.94%**
Tax on accounting profit at statutory income tax rate	(4.13)	(49.55)	(125.12)	(82.15)	(24.66)
Effect on account of change of tax rate (refer note below)	-	-	-	(86.80)	-
Impact of gain/loss on fair valuation of CCPS	15.16	2.79	72.38	150.87	149.66
Others	0.30	(0.18)	24.43	9.46	(12.00)
Tax expense reported in the Restated Statement of profit or loss	**11.33**	**(46.94)**	**(28.31)**	**(8.62)**	**113.01**
2) Reconciliation of deferred tax assets/(liabilities), net:					
Opening balance	(168.32)	(223.62)	(223.62)	(275.31)	(240.58)
Tax credit/(charge) recognised in Restated Statement of profit or loss	(11.28)	46.94	51.38	48.81	(40.55)
Tax credit/(charge) recognised in Restated Statement of OCI	(2.66)	8.35	3.92	2.88	5.82
Closing balance	**(182.26)**	**(168.33)**	**(168.32)**	**(223.62)**	**(275.31)**

32 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit / loss for the period / year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period / year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the respective reporting period or year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and earnings per share data used in the basic and diluted EPS computations:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Restated profit/(loss) attributable to equity holders for computation of Basic EPS	**(27.73)**	**(149.93)**	**(468.81)**	**(226.47)**	**(183.57)**
Add: Fair value loss / (gain) on CCPS	60.22	11.07	287.60	431.74	428.29
Restated profit/(loss) attributable to equity holders for computation of Diluted EPS	**32.49**	**(138.86)**	**(181.21)**	**205.27**	**244.72**
Weighted average number of shares outstanding for computation of Basic EPS (in millions) (refer ^ below)	**8.26**	**8.26**	**8.26**	**8.26**	**8.26**
Effect of dilution: CCPS (in millions)	2.22	2.22	2.22	2.11	1.84
Weighted average number of shares outstanding for computation of Diluted EPS (in millions)	**10.48**	**10.48**	**10.48**	**10.37**	**10.10**
Nominal value of Equity Shares (Rs)	10.00	10.00	10.00	10.00	10.00
Earnings/(loss) per equity share					
a. Basic (in Indian Rupees)	(3.36)	(18.14)	(56.74)	(27.41)	(22.22)
b. Diluted* (in Indian Rupees)	(3.36)	(18.14)	(56.74)	(27.41)	(22.22)

* In accordance with the Indian Accounting Standard (Ind AS) - 33 Earnings Per Share, specified under Section 133 of the Companies Act 2013, read with relevant rules issued thereunder, the effect of CCPS is anti-dilutive and hence the impact of the same has been ignored in the computation of diluted EPS.

(All amounts in Indian Rupees Million, except as otherwise stated)

33 Defined benefit plan - Gratuity

The Company has a defined benefit gratuity plan, wherein employee who has completed five years of service is entitled to specific benefit determined based on the member's length of service and salary at retirement age. The gratuity plan provides a lumpsum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the Restated Statement of Assets and Liabilities for the Gratuity plan:

Changes in the defined benefit obligation and fair value of plan assets for the period / year ended

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Expenses recognised in Restated Summary Statement of profit and loss					
Current Service cost	6.75	6.65	23.65	20.67	17.92
Interest expense on defined benefit obligation (DBO)	4.62	4.02	16.51	16.06	13.08
Interest income on plan assets	(1.76)	(1.89)	(7.75)	(7.56)	(6.11)
Defined benefit cost included in Restated Statement Summary Statement of profit and loss	**9.61**	**8.78**	**32.41**	**29.17**	**24.89**
Remeasurement effects recognised in Restated Total Other Comprehensive income (OCI)					
Actuarial (gain) / loss due to demographic assumption changes on plan liabilities	-	-	-	0.09	-
Actuarial (gain) / loss due to financial assumption changes on plan liabilities	(3.48)	10.60	-	14.79	5.87
Actuarial (gain) / loss due to experience adjustments on plan liabilities	(6.95)	22.78	14.36	(3.93)	10.14
Actuarial (gain) / loss due to financial assumption changes on plan assets	(0.12)	(0.21)	1.22	0.50	0.64
Actuarial (gain) / loss due to experience adjustments on plan assets	-	-	-	-	-
Total actuarial (gain) / loss included in OCI	**(10.55)**	**33.17**	**15.58**	**11.45**	**16.65**
Change in defined benefit obligation					
Obligation at beginning of the period / year	279.57	243.02	243.02	206.83	167.88
Current Service cost	6.75	6.65	23.65	20.67	17.92
Interest cost	4.62	4.02	16.51	16.06	13.08
Benefits settled	(0.65)	(5.13)	(17.97)	(11.49)	(8.06)
Actuarial (gain)/loss	(10.43)	33.38	14.36	10.95	16.01
Obligation at end of the period / year	**279.86**	**281.94**	**279.57**	**243.02**	**206.83**
Change in fair value of plan assets					
Plan assets at beginning of the period / year, at fair value	106.65	114.09	114.09	97.29	81.08
Expected return	1.76	1.89	7.75	7.56	6.11
Actuarial gain/(loss)	0.12	0.21	(1.22)	(0.50)	(0.64)
Benefits settled	(0.65)	(5.13)	(17.97)	(11.49)	(8.06)
Contributions	-	-	4.00	21.22	18.80
Plan assets at end of the period / year, at fair value	**107.88**	**111.06**	**106.65**	**114.09**	**97.29**

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Net liability/(asset) recognised in the Restated Summary Statement of Assets and Liabilities					
Present value of projected benefit obligation at the end of the period / year	279.86	281.94	279.57	243.02	206.83
Less: Fair value of plan assets at the end of the period / year	(107.88)	(111.06)	(106.65)	(114.09)	(97.29)
	171.98	**170.88**	**172.92**	**128.93**	**109.54**
Current liability	10.00	20.00	10.00	20.00	-
Non current liability	161.98	150.88	162.92	108.93	109.54
Major categories of plan assets as a percentage of the fair value of the total plan assets:					
Investment in insurance fund	100%	100%	100%	100%	100%
Contributions likely to be made for next one year:					
Contribution to insurance fund	10.00	20.00	10.00	20.00	-

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Assumptions					
Discount rate	6.90%	6.50%	6.80%	6.80%	7.75%
Future salary increases	1st two years: 7%; 8% thereafter	1st two years: 7%; 8% thereafter	1st two years: 7%; 8% thereafter	1st year: 0%; Next 2 years: 7%; 8% thereafter	10% for first 4 years and 7% thereafter
Employee turnover, based on age					
Up to 30 years	5.00%	5.00%	5.00%	5.00%	5.00%
31-40 years	3.00%	3.00%	3.00%	3.00%	3.00%
Above 40 years	2.00%	2.00%	2.00%	2.00%	2.00%
Estimated rate of return on plan assets	6.90%	6.50%	6.80%	6.80%	7.75%
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

(All amounts in Indian Rupees Million, except as otherwise stated)

(i) The estimate of future salary increase considered in actuarial valuation takes into account inflation, mortality rate, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(ii) Plan characteristics and Associated Risks
The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death or disability. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yield fall, the defined benefit obligation will tend to increase.

b. Salary inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a shorter career employee typically costs less per year as compared to a long service employee.

(iii)The overall expected rate of return on assets is determined based on the market prices prevailing on that day, applicable to the period over which the obligation is to be settled. The change in expected rate of return on asset and discount rate is due to change in market scenarios.

Sensitivity analysis	**As at June 30, 2021**	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
Effect of + 1% change in rate of discounting	(31.49)	(33.00)	(32.07)	(28.24)	(21.91)
Effect of - 1% change in rate of discounting	37.58	39.69	38.36	33.98	26.03
Effect of + 1% change in rate of salary growth rate	35.02	37.03	35.52	32.77	25.17
Effect of - 1% change in rate of salary growth rate	(31.19)	(32.60)	(31.71)	(28.17)	(21.86)
Effect of + 50% change in rate of employee turnover	(3.49)	(5.16)	(4.17)	(4.01)	0.74
Effect of - 50% change in rate of employee turnover	4.05	6.07	4.87	4.73	(1.00)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the Restated Summary Statement of Assets and Liabilities.

Expected cash outflows in future years towards defined benefit plan through gratuity plan asset:	**As at June 30, 2021**	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
Within the next 12 months	11.09	11.48	10.49	11.50	11.02
Between 1 and 2 years	14.59	13.63	14.14	13.25	13.72
Between 2 and 5 years	56.60	52.33	51.59	47.32	50.80
Between 6 and 10 years	107.11	94.71	105.69	82.06	79.21
Beyond 10 years	604.64	610.21	612.02	557.23	494.14
Expected cash outflows in future years	**794.03**	**782.36**	**793.93**	**711.36**	**648.89**

Actual Return on plan asset	**For the three months ended June 30, 2021**	**For the three months ended June 30, 2020**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019 (As adjusted)**
Actual return on plan assets	1.88	2.10	6.53	7.06	5.68

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(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

34 Fair values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

> The management has measured the investments in quoted equity shares at fair value through profit and loss, which are valued using the quoted market prices in active markets for identical investments.

> The Company enters into derivative financial instruments with banks/financial institutions in the nature of foreign exchange forward contracts ('FEFC'), which are valued using valuation techniques and market observable inputs. The models incorporate various inputs including the deal specific fundamentals, market conditions, maturity period, transaction size, comparable trades, interest rate curves, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, etc.

> CCPS issued by the Company have been designated by the Company as liability carried at fair value through profit and loss. The Company has valued the instrument by using the discounted cash flow approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate and volatility.

> The management assessed that the carrying values of cash and bank balances, trade receivables, trade payables, and other financial assets and liabilities approximate their fair values largely due to their short-term

> The management assessed that the carrying values of bank deposits, borrowings and other financial assets and liabilities approximate their fair values based on cash flow discounting using parameters such as interest rates, tenure of instrument, creditworthiness of the customer and the risk characteristics of the financed project, as applicable.

All the financial assets and liabilities (except as stated below) are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs as explained above. There have been no transfers between levels during the period / year.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

i) Category of financial instruments and valuation techniques
Breakup of financial assets carried at amortised cost

	Level	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Trade Receivables	3	1,083.96	735.24	1,127.50	1,151.98	1,101.07
Cash and cash equivalents	3	59.22	13.76	37.04	50.04	106.84
Bank balances other than Cash and cash equivalents	3	1.97	-	1.95	-	-
Loans	3	15.53	13.91	7.80	17.46	17.97
Other financial assets	3	147.19	134.71	141.89	171.46	138.84
Total financial assets measured at amortised cost		**1,307.87**	**897.62**	**1,316.18**	**1,390.94**	**1,364.72**

Note: The management has assessed that the carrying amount of above financial instruments approximate their fair value

Breakup of financial assets carried at fair value through profit and loss

	Level	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Measured at fair value through profit and loss account (FVTPL)						
Investment in quoted equity shares	1	0.03	0.03	0.02	0.01	0.03
Derivative contracts - Foreign Exchange Forward Contract (FEFC)	2	12.80	-	13.39	-	33.84
Total financial assets measured at FVTPL		**12.83**	**0.03**	**13.41**	**0.01**	**33.87**
Total financial assets		**1,320.70**	**897.65**	**1,329.59**	**1,390.95**	**1,398.59**

Breakup of financial liabilities	Level	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Measured at fair value through statement of profit and loss (FVTPL)						
0.0001% CCPS						
Series A	3	1,957.02	1,645.00	1,902.67	1,643.55	1,406.56
Series B	3	479.10	454.37	473.23	444.75	-
Derivative contracts - Foreign Exchange Forward Contract (FEFC)	2	-	14.24	-	27.40	-
Total financial assets measured at FVTPL		**2,436.12**	**2,113.61**	**2,375.90**	**2,115.70**	**1,406.56**
Measured at amortised cost						
Borrowings	2	2,963.38	2,450.66	2,860.25	2,658.56	2,857.11
Trade payables	3	868.27	634.04	829.74	871.66	964.81
Lease liabilities	3	303.95	338.04	313.08	345.39	372.27
Other financial liabilities	3	160.48	176.32	150.90	162.59	175.48
Total financial liabilities measured at amortised cost		**4,296.08**	**3,599.06**	**4,153.97**	**4,038.20**	**4,369.67**
Total financial liabilities		**6,732.20**	**5,712.67**	**6,529.87**	**6,153.90**	**5,776.23**

Following table describes the valuation techniques used and key inputs to valuation of CCPS

Sensitivity of the inputs to Fair Value	Fair Value Hierarchy	Valuation Techniques	Inputs Used
For 1% increase in discounting rate, loss before tax will increase by Rs. 251.85 million for the three months period ended June 30, 2021 and for 1% decrease in discounting rate, loss before tax will decrease by Rs. 211.86 million for the three months period ended June 30, 2021.	Level 3	Market Valuation techniques	Valuation done by a third party valuation expert by using the DCF method
For 1% increase in discounting rate, loss before tax will increase by Rs. 263.55 million for the three months period ended June 30, 2020 and for 1% decrease in discounting rate, loss before tax will decrease by Rs. 216.67 million for the three months period ended June 30, 2020.	Level 3	Market Valuation techniques	Valuation done by a third party valuation expert by using the DCF method
For 1% increase in discounting rate, loss before tax will increase by Rs. 238.93 million for the year ended March 31, 2021 and for 1% decrease in discounting rate, loss before tax will decrease by Rs. 202.13 million for the year ended March 31, 2021.	Level 3	Market Valuation techniques	Valuation done by a third party valuation expert by using the DCF method
For 1% increase in discounting rate, loss before tax will increase by Rs. 275.79 million for the year ended March 31, 2020 and for 1% decrease in discounting rate, loss before tax will decrease by Rs. 225.35 million for the year ended March 31, 2020.	Level 3	Market Valuation techniques	Valuation done by a third party valuation expert by using the DCF method
For 1% increase in discounting rate, loss before tax will increase by Rs. 195.88 million for the year ended March 31, 2019 and for 1% decrease in discounting rate, loss before tax will decrease by Rs. 159.29 million for the year ended March 31, 2019.	Level 3	Market Valuation techniques	Valuation done by a third party valuation expert by using the DCF method

Reconciliation of Fair value measurement of CCPS

Particulars	Rs. in million
As at April 01, 2018 (As adjusted)	**978.27**
Fair Value changes during the year	428.29
Proceeds from issue of CCPS during the year	-
As at March 31, 2019 (As adjusted)	**1,406.56**
Fair Value changes during the year	431.74
Proceeds from issue of CCPS during the year	250.00
As at March 31, 2020	**2,088.30**
Fair Value changes during the three months period	11.07
As at June 30, 2020	**2,099.37**
As at April 01, 2020	**2,088.30**
Fair Value changes during the year	287.60
As at March 31, 2021	**2,375.90**
Fair Value changes during the three months period	60.22
As at June 30, 2021	**2,436.12**

35 Financial Risk management objectives and policies

The Company's principal financial liabilities comprises of borrowings, lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and other receivables that derive directly from its operations. The Company also enters into derivative transactions for hedging purpose.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's risk management is carried out by the management under the policies approved by Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis and assessed for the impact of financial performance.

A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates given below:

	Annexure VII note	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Non current borrowings*	17	879.78	895.58	907.44	960.18	1,138.01
Non current borrowings - current maturities*	17	247.28	249.14	293.67	177.83	317.45
Current borrowings	17	1,836.32	1,305.94	1,659.14	1,520.55	1,401.65
Total		**2,963.38**	**2,450.66**	**2,860.25**	**2,658.56**	**2,857.11**

Interest rate sensitivity analysis shown below with change in floating interest rates would result in increase/(decrease) in profit and equity:

Decrease in interest rate of 1%	7.41	6.13	28.60	26.59	28.57
Increase in interest rate of 1%	(7.41)	(6.13)	(28.60)	(26.59)	(28.57)

*Considering that CCPS are accounted at Fair value through profit and loss ("FVTPL"), the same are not included in the above table.

(ii) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD and EUR. The Company's exposure to other foreign currency is not material. Foreign exchange risk primarily arises from future revenue transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Rs). The risk is measured through a forecast of highly probable foreign currency cash flows.

Foreign currency exposure:	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019 (As adjusted)	
	in Foreign currency	in Indian currency	in Foreign currency	in Indian currency	in Foreign currency	in Indian currency	in Foreign currency	in Indian currency	in Foreign currency	in Indian currency
Financial assets										
Trade receivables										
EUR	1.98	175.53	3.77	319.57	2.81	239.56	4.72	391.93	4.29	333.59
USD	7.94	590.20	3.68	278.07	8.57	617.29	7.68	578.92	7.12	492.62
Balance with banks										
EUR	0.01	1.28	-	0.33	0.09	7.86	0.01	0.90	-	-
USD	0.08	6.07	0.07	5.16	0.16	12.02	0.13	10.17	-	-
Financial liabilities										
Trade payable & Liability for purchase of property, plant and equipment										
EUR	0.15	12.99	0.10	8.09	0.29	24.68	0.16	12.98	0.17	13.41
USD	0.91	67.95	0.94	71.06	0.82	60.27	0.72	54.19	0.76	52.70
Borrowings										
EUR	1.17	103.74	3.77	309.10	2.43	209.31	3.97	329.82	3.90	303.17
USD	3.34	248.22	5.24	392.60	5.01	367.92	4.08	307.75	6.52	450.90

Derivative instruments:

In order to minimize any adverse effects on the financial performance of the Company, derivative instruments in the nature of foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. The derivative instruments outstanding is as below.

Category	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)	Buy / Sell	Purpose
Foreign exchange forward contracts :							
- EUR	4.15	2.70	2.40	3.30	4.00	Sell	Hedge of firm commitment/ highly probable foreign currency sales
- USD	7.10	4.20	3.07	6.80	6.20	Sell	

The Company enters into derivative contracts to hedge its foreign currency risk exposures and the Company does not expect any significant impact from such foreign currency risk exposures.

B Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from trade receivables. Other financial assets like bank deposits and export entitlement receivables are with bank and from government authorities respectively and hence, the Company does not expect any credit risk with respect to these financial assets. With respect to trade receivables, the Company has constituted teams to review trade receivables on periodic basis and to take necessary mitigations, wherever required.

The Company creates allowance for all receivables based on lifetime expected credit loss based on simplified approach. The summary of changes in allowance for doubtful receivables is disclosed in note 12 of Annexure VII, "Trade receivables".

(All amounts in Indian Rupees Million, except as otherwise stated)

C Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its position and maintains adequate source of financing.

The Company monitors its risk if shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The table below summarizes the maturity profile of the Company's financial liabilities on an undiscounted basis at the respective reporting date, which may differ from both carrying value and fair value:

	Maturity period	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Financial liabilities - Non current						
Borrowings	Between 1 - 5 years	879.78	895.58	907.44	960.18	1,138.01
Lease liabilities	Between 1 - 10 years	323.64	380.29	337.42	394.37	449.95
Financial liabilities - Current						
Borrowings	On demand	2,083.60	1,555.08	1,952.81	1,698.38	1,719.10
Trade payables	Within 1 year	868.27	634.04	829.74	871.66	964.81
Other financial liabilities	Within 1 year	160.48	190.56	150.90	189.99	175.48
Lease liabilities	Within 1 year	76.86	83.75	79.29	85.18	89.53

*Considering that CCPS are expected to be converted into equity, the same are not included in the above table.

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(All amounts in Indian Rupees Million, except as otherwise stated)

36 Commitment and contingencies

(i) Commitments:

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	74.03	93.88	48.76	103.88	244.98
b) For commitments under Investment Agreements with preference shareholders, refer note 17 of Annexure VII					

(ii) Contingent liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
(a) Contingent liability towards pending litigations related to disputed dues of:					
- Excise duty	111.72	111.72	111.72	111.72	111.72
- Service tax	24.85	24.85	24.85	24.85	33.70
- Income tax matters	50.78	50.78	50.78	50.78	49.02
	187.35	**187.35**	**187.35**	**187.35**	**194.44**

(b) The Supreme Court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

(c) The Company has imported capital goods under ‘Export Promotion Capital Goods Scheme’ (‘EPCG’). Under this scheme, the Company is entitled to import goods at a concessional rate of duty. Against these imports, the Company has an export obligation equal to six times the duty amount saved. The balance export obligation as at June 30, 2021 is Rs 426.44 Million (June 30, 2020 is 330.57 Million, March 31, 2021 is Rs. 426.44 Million, March 31, 2020 is Rs. 330.57 Million and March 31, 2019 is Rs. 745.18 Million).The Company is required to fulfil the export obligation within the respective due dates.

The Company has imported raw materials under ‘Advance License’ scheme. Under this scheme, the Company is entitled to import raw materials duty free, which are physically incorporated in the export product. Against these imports, the Company has an export obligation to fulfil both quantity and value of exports. The balance export obligation at June 30, 2021 is Rs. 946.10 Million, (June 30, 2020 is Rs. 662.19 Million, March 31, 2021 is Rs. 946.10 Million, March 31, 2020 is Rs. 781.69 Million and March 31, 2019: Rs. 1,335.00 Million). The Company is required to fulfil the balance export obligation by August 2022.

Based on the business projections, the management of the Company is confident of fulfilling the aforesaid balance export obligations within the required timelines.

(d) On January 01, 2016, the Payment of Bonus (Amendment) Act, 2015 (the ‘Act’) was notified in the official gazette increasing the minimum wages for payment of statutory bonus with retrospective effect from April 01, 2014. The Company has provided for the payment of bonus as per the Act amounting to Rs. 12.00 Million for the fiscal beginning April 01, 2015. The Hon’ble High Court of Karnataka vide order dated February 02, 2016 stayed the retrospective application of the Act. Accordingly, the Company did not provide for the payment of bonus as per the Act amounting to Rs. 16.40 Million for fiscal year 2015. Based on legal evaluation, the Company believes that the final outcome should be in favour of the Company and will not have any significant impact.

(iii) The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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Maini Precision Products Limited
CIN: U27201KA1973PLC002307
(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

37 Related Party Disclosure

A) List of Related Parties

	Name of the party	Nature of relationship
i.	**Key management personnel ('KMP'):**	
	Mr. Gautam Maini	Managing director ('MD')/Major Shareholder of the Company
	Mr. Sandeep Kumar Maini	Director/Major Shareholder of the Company
	Mr. Tarak B Madhani	Director
	Mr. Siddharth Deepak Parekh	Director
	Mr. Nitin Lalpuria	Director
	Dr. Kewal Krishan Nohria	Director
	Ms. Rukmani Menon	Director (Appointed w.e.f October 22, 2019)
	Mr. Sudarshan Kumar Maini	Director (Resigned w.e.f January 31, 2020)
	Mr. Hemang Harish Raja	Director (Resigned w.e.f June 24, 2019)
	Ms. Shubha Kulkarni	Director (Resigned w.e.f April 17, 2019)
	Mr. V. Sridhar	Director and Chief Financial Officer
	Mr. Vijayesh Rajendran	Company Secretary
ii.	**Other related parties:**	
	Mr. Chetan Kumar Maini	Major Shareholder of the Company
	Paragon Partners Growth Fund I	Major Shareholder of the Company
	New Quest Asia Investments II Limited	Major Shareholder of the Company
	Bangalore Transport Finance Company	Entity controlled by KMP
	Virya Mobility 5.0 LLP	Entity controlled by KMP
	Gramothan Foundation	Entity controlled by Relative of KMP
	Maini Industrial Consultants	Entity controlled by Relative of KMP
	Maini Industries Private Limited	Entity controlled by Relative of KMP
	Maini Materials Movement Private Limited	Entity controlled by Relative of KMP
	Sudarshan Maini Precision Products Private Limited	Entity controlled by Relative of KMP
	Armes Maini Storage System Private Limited	Entity controlled by Relative of KMP
	Print Brew	Entity under significant influence of Relative of KMP
	Gallery G	Entity under significant influence of Relative of KMP

B) The following table is the summary of transactions with related parties by the Company:

		For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
(i)	**Issue of CCPS**					
	Paragon Partners Growth Fund I	-	-	-	191.44	-
	New Quest Asia Investments II Limited	-	-	-	58.56	-
(ii)	**Dividend on CCPS**					
	Paragon Partners Growth Fund I (Amount paid Rs.188)	-	-	0.00	0.00	-
	New Quest Asia Investments II Limited (Amount paid Rs.58)	-	-	0.00	0.00	-
(iii)	**Fair value change in CCPS : Loss**					
	Paragon Partners Growth Fund I	46.12	8.48	220.23	330.61	327.97
	New Quest Asia Investments II Limited	14.10	2.59	67.37	101.13	100.32
(iv)	**Remuneration (including commission and bonus)**					
	Mr. Gautam Maini	2.07	2.07	9.85	13.96	13.91
	Mr. V Sridhar	1.91	1.64	6.99	7.28	6.18
	Mr. Vijayesh Rajendran	0.21	0.21	0.73	0.87	0.82
(v)	**Sitting fees (refer note 30 of Annexure VII)**					
	Mr. Tarak B Madhani	-	-	0.04	0.15	0.15
	Mr. Hemang Harish Raja	-	-	-	0.07	0.14
	Ms. Shubha Kulkarni	-	-	-	-	0.04
	Dr. Kewal Krishan Nohria	-	-	0.14	0.14	0.10
	Ms. Rukmani Menon	-	-	0.14	0.07	-
	Mr. Sandeep Kumar Maini	-	-	0.02	0.03	0.03
(vi)	**Sale of goods**					
	Maini Materials Movement Private Limited	0.03	-	0.15	0.09	0.16
(vii)	**Contribution towards CSR expenses**					
	Gramothan Foundation	-	-	5.90	7.10	5.65
(viii)	**Purchase of property, plant and equipment**					
	Armes Maini Storage System Private Limited	-	-	-	1.40	6.20
	Maini Materials Movement Private Limited	0.02	-	0.05	3.65	1.02
(ix)	**Purchase of raw materials**					
	Maini Materials Movement Private Limited	0.12	-	0.54	0.85	1.15
	Virya Mobility 5.0 LLP	-	-	0.01	-	-

(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

(x)	**Other expenses**					
	Gallery G	-	-	-	0.16	-
	Maini Industrial Consultants	-	-	0.10	0.10	0.11
	Armes Maini Storage System Private Limited	-	-	0.01	-	-
	Bangalore Transport Finance Company	3.80	3.18	14.42	16.25	17.32
	Print Brew	-	-	0.15	0.20	0.59
(xi)	**Expenses reimbursed by the Company on behalf of**					
	Maini Materials Movement Private Limited	-	-	-	0.23	0.15
(xii)	**Payment made towards lease expenses**					
	Mr. Gautam Maini	0.81	0.81	3.24	3.24	3.24
	Maini Materials Movement Private Limited	4.77	4.54	18.17	17.30	17.53
(xiii)	**Expenses incurred on behalf of the Company**					
	Mr. Gautam Maini	-	-	0.03	1.19	22.29
	Mr. Hemang Harish Raja	-	-	-	0.03	-
(xiv)	**Lease Income**					
	Armes Maini Storage System Private Limited	-	-	-	-	0.06

C)	**Balances as at the period / year end:**	**As at June 30, 2021**	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
(i)	**Trade payables**					
	Bangalore Transport Finance Company	-	1.03	-	2.80	0.38
	Maini Materials Movement Private Limited	2.07	1.91	1.64	1.64	1.48
	Maini Industrial Consultants	-	0.11	-	0.11	-
	Mr. Gautam Maini	0.24	0.24	0.24	0.24	0.24
(ii)	**Vendor advances**					
	Bangalore Transport Finance Company	1.68	4.78	1.83	4.68	3.68
	Maini Materials Movement Private Limited	-	-	-	-	1.60
(iii)	**Liability towards CCPS (Disclosed as Borrowings)**					
	Paragon Partners Growth Fund I	1,865.50	1,607.63	1,819.38	1,599.15	1,077.10
	New Quest Asia Investments II Limited	570.62	491.74	556.52	489.15	329.46
(iv)	**Capital creditors**					
	Armes Maini Storage System Private Limited	-	-	-	-	4.75
(v)	**Lease income receivable**					
	Armes Maini Storage System Private Limited	-	-	-	-	0.01

D) Other information:

1. The transactions with related parties are made by the Company on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured and settlement occurs in cash.
2. Refer note 17 of Annexure VII for details of personal guarantees provided by the Company's directors for the borrowings of the Company.
3. As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to remuneration to the directors are not ascertainable and, therefore, not included above.
4. Transfer of shares held by the shareholders of the Company are not disclosed above.
5. In respect of the transactions with the related parties, the Company has complied with the provisions of Section 188 and Section 177 of the Companies Act, 2013 where applicable, and the details have been disclosed above, as required by the applicable accounting standards.

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(All amounts in Indian Rupees Million, except as otherwise stated)

38 Capital management

The Company's objectives of capital management is to maximize the shareholder value. In order to maintain or adjust the capital structure, the Company may adjust the return to shareholders, issue/ buyback shares or sell assets to reduce debt. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company takes appropriate steps in order to maintain, or if necessary, adjust its capital structure.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt as below.
- Equity includes Equity share capital and all Other Equity components attributable to the Equity holders
- Net Debt includes borrowings (non-current and current), trade payables and other financial liabilities, less cash and cash equivalents

Financial liabilities - Non current	**As at June 30, 2021**	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
Borrowings(excluding CCPS)	879.78	895.58	907.44	960.18	1,138.01
Lease liabilities	227.09	254.29	233.79	260.21	282.74
Financial liabilities - Current					
Borrowings	2,083.60	1,555.08	1,952.81	1,698.38	1,719.10
Lease liabilities	76.86	83.75	79.29	85.18	89.53
	3,267.33	**2,788.70**	**3,173.33**	**3,003.95**	**3,229.38**
Less: Cash and cash equivalents	(59.22)	(13.76)	(37.04)	(50.04)	(106.84)
Net debt (A)	**3,208.11**	**2,774.94**	**3,136.29**	**2,953.91**	**3,122.54**
0.0001% CCPS	2,436.12	2,099.37	2,375.90	2,088.30	1,406.56
Equity share capital	82.63	82.63	82.63	82.63	82.63
Other equity	(339.53)	(13.97)	(319.69)	160.78	395.82
Total Capital (B)	**2,179.22**	**2,168.03**	**2,138.84**	**2,331.71**	**1,885.01**
Capital plus net debt (C = A + B)	5,387.33	4,942.98	5,275.13	5,285.62	5,007.55
Gearing ratio (D = A / C)	**60%**	**56%**	**59%**	**56%**	**62%**

No changes were made in the objectives, policies or processes for managing capital during the three month period ended June 30, 2021, June 30, 2020 and the year March 31, 2021, March 31, 2020 and March 31, 2019 (As adjusted). Management has considered CCPS as a part of total capital even though classified as liability in the Financial Statements as per the requirement of Ind AS.

39 Non-current assets held for sale

On February 15, 2021, the Board of Directors of the Company has decided to make available the Company's land situated at Nelamangala, Karnataka for immediate sale in its present condition. Consequently, as at March 31, 2021, and June 30, 2021, the Company has classified the carrying value of such land parcels amounting to Rs. 26.89 million from 'Property, plant and equipment' to 'Non-current Assets held for sale' in the balance sheet. The Company is confident that the carrying value of such assets will be recovered principally through a sale transaction, rather than continuing use and such sale transaction is highly probable.

40 Leases

A. Company as lessee during the period / year

The Company has entered into various lease contracts for building premises used in its operations, which have lease term ranging from 3 years to 10 years. There are several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).
The Company is also required to maintain the building premises over the lease term.

The Company also has certain leases of building, machinery and equipment with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets and the movements during the year (also refer note 3 of Annexure VII):

	As at June 30, 2021	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
Opening balance	278.51	330.38	330.38	382.25	376.27
Additions	-	-	-	-	46.13
Depreciation expenses	(12.97)	(12.97)	(51.87)	(51.87)	(40.15)
Closing balance	**265.54**	**317.41**	**278.51**	**330.38**	**382.25**

Set out below are the carrying amounts of lease liabilities and the movements during the period / year:

	As at June 30, 2021	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
Opening balance	313.08	345.39	345.39	372.27	357.07
Additions	-	-	-	-	46.13
Interest expenses	7.08	7.85	30.29	33.05	30.67
Payment of principal portion of lease liability	(9.13)	(7.35)	(32.31)	(26.88)	(30.93)
Payment of interest portion of lease liability	(7.08)	(7.85)	(30.29)	(33.05)	(30.67)
Closing balance	**303.95**	**338.04**	**313.08**	**345.39**	**372.27**

	As at June 30, 2021	**As at June 30, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019 (As adjusted)**
Current	76.86	83.75	79.29	85.18	89.53
Non Current	227.09	254.29	233.79	260.21	282.74

(All amounts in Indian Rupees Million, except as otherwise stated)

The maturity analysis of lease liabilities are disclosed in note 35 (C) of Annexure VII.
The effective interest rate for lease liabilities is 9-10%, with maturity period of upto 10 years.

Set out below are the amounts recognised in profit or loss during the year:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Depreciation on right-of-use assets	12.97	12.97	51.87	51.87	40.15
Interest expense on lease liabilities	7.08	7.85	30.29	33.05	30.67
Expense relating to short-term leases (included in Other expenses)	1.67	1.22	7.79	6.17	5.55
	21.72	**22.04**	**89.95**	**91.09**	**76.37**

B. Company as lessor during the period / year

The Company has entered into cancellable operating leases consisting of certain building premises on short-term temporary basis with renewal clauses. The Company is also required to maintain the property over the lease term.

Set out below are the amounts recognised in profit or loss during the period / year:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Income relating to leases (included in Other Income)	0.26	0.24	0.99	0.91	0.89

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(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

41 Segment Information

A. Description of segments and principal activities

The Company is organised into business units based on its products and has two reportable segments, as follows:

a) Automotive and Industrial Segment – includes manufacturing of precision products including parts for transmissions, engines, hydraulics, power tool, hand primers and filters.
b) Aerospace Segment – includes various precision parts which are used in the manufacture of aircrafts.

The Company's Management team is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'.

B. Segment revenue, segment results and other information as at / for the year:

(i) **For the three months period ended June 30, 2021**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Revenue			
Revenue from operations - external customers	**1,208.59**	**147.91**	**1,356.50**
Other income - unallocated			22.29
Total Income			**1,378.79**
Segment Result	**131.42**	**(19.67)**	111.75
Reconciliation to Total comprehensive income:			
Finance costs			(52.65)
Gain/(loss) on fair valuation of CCPS			(60.22)
Other unallocable expenses			(15.28)
Profit/(loss) before tax			**(16.40)**
Tax expense			(11.33)
Profit/(loss) for the period			**(27.73)**
Other comprehensive income ('OCI')			7.89
Total comprehensive income, net of tax			**(19.84)**

Segment Assets and Segment Liabilities

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment assets	**4,688.25**	**1,674.21**	**6,362.46**
Reconciliation to Total Assets:			
Investment			0.03
Balance recoverable from government authorities			309.93
Deposits with government authorities			13.68
Non-current assets held for sale			26.89
Cash and cash equivalents			59.22
Bank balances other than cash and cash equivalents			1.97
Non-current tax assets (net)			66.85
Other unallocable assets			33.34
Total assets			**6,874.37**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Liabilities	**1,193.01**	**291.82**	**1,484.83**
Reconciliation to Total Liabilities:			
Borrowings (including CCPS)			5,399.50
Deferred tax liabilities (net)			182.26
Other unallocable liabilities			64.68
Total liabilities			**7,131.27**

(ii) **For the three months period ended June 30, 2020**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Revenue			
Revenue from operations - external customers	**443.05**	**115.09**	**558.14**
Other income - unallocated			45.69
Total Income			**603.83**
Segment Result	**(96.41)**	**(29.68)**	**(126.09)**
Reconciliation to Total comprehensive income:			
Finance costs			(54.43)
Gain/(loss) on fair valuation of CCPS			(11.07)
Other unallocable expenses			(5.28)
Profit/(loss) before tax			**(196.87)**
Tax expense			46.94
Profit/(loss) for the period			**(149.93)**
Other comprehensive income ('OCI')			(24.82)
Total comprehensive income, net of tax			**(174.75)**

(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

Segment Assets and Segment Liabilities

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment assets	**4,038.03**	**1,836.71**	**5,874.74**
Reconciliation to Total Assets:			
Investment			0.03
Balance recoverable from government authorities			124.51
Deposits with government authorities			14.27
Cash and cash equivalents			13.76
Balance with banks with more than 12 months maturities			0.23
Non-current tax assets (net)			88.19
Other unallocable assets			40.06
Total assets			**6,155.79**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Liabilities	**917.75**	**368.94**	**1,286.69**
Reconciliation to Total Liabilities:			
Borrowings including CCPS			4,550.03
Deferred tax liabilities (net)			168.33
Other unallocable liabilities			82.08
Total liabilities			**6,087.13**

(iii) **For the year ended March 31, 2021**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Revenue			
Revenue from operations - external customers	3,830.50	443.13	4,273.63
Other income - unallocated			94.41
Total Income			**4,368.04**
Segment Result	**187.04**	**(140.86)**	**46.18**
Reconciliation to Total comprehensive income:			
Finance costs			(211.79)
Gain/(loss) on fair valuation of CCPS			(287.60)
Other unallocable expenses			(43.91)
Profit/(loss) before tax			**(497.12)**
Tax expense			28.31
Profit/(loss) for the year			**(468.81)**
Other comprehensive income ('OCI')			(11.66)
Total comprehensive income, net of tax			**(480.47)**

Segment Assets and Segment Liabilities

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment assets	**4,562.24**	**1,707.50**	**6,269.74**
Reconciliation to Total Assets:			
Investment			0.02
Balance recoverable from government authorities			229.42
Deposits with government authorities			13.68
Non-current assets held for sale			26.89
Cash and cash equivalents			37.04
Bank balances other than cash and cash equivalents			1.95
Non-current tax assets (net)			66.34
Other unallocable assets			35.83
Total assets			**6,680.91**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Liabilities	**1,051.34**	**382.02**	**1,433.36**
Reconciliation to Total Liabilities:			
Borrowings including CCPS			5,236.15
Deferred tax liabilities (net)			168.32
Other unallocable liabilities			80.14
Total liabilities			**6,917.97**

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Maini Precision Products Limited
CIN: U27201KA1973PLC002307
(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

(iv) **For the year ended March 31, 2020**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Revenue			
Revenue from operations - external customers	**4,172.34**	**1,535.67**	**5,708.01**
Other income - unallocated			133.19
Total Income			**5,841.20**
Segment Result	168.78	341.56	510.34
Reconciliation to Total comprehensive income:			
Finance costs			(237.30)
Gain/(loss) on fair valuation of CCPS			(431.74)
Other unallocable expenses			(76.39)
Profit/(loss) before tax			**(235.09)**
Tax expense			8.62
Profit/(loss) for the year			**(226.47)**
Other comprehensive income ('OCI')			(8.57)
Total comprehensive income, net of tax			**(235.04)**

Segment Assets and Segment Liabilities

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment assets	**4,505.77**	**1,989.09**	**6,494.87**
Reconciliation to Total Assets:			
Investment			0.01
Balance recoverable from government authorities			116.27
Deposits with government authorities			14.27
Non-current assets held for sale			-
Cash and cash equivalents			50.04
Non-current tax assets (net)			88.12
Other unallocable assets			39.95
Total assets			**6,803.53**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Liabilities	**1,148.08**	**337.57**	**1,485.65**
Reconciliation to Total Liabilities:			
Borrowings including CCPS			4,746.86
Deferred tax liabilities (net)			223.62
Other unallocable liabilities			103.99
Total liabilities			**6,560.12**

(v) **For the year ended March 31, 2019 (As adjusted)**

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Revenue			
Revenue from operations - external customers	4,434.67	1,168.38	5,603.05
Other income - unallocated			134.27
Total Income			**5,737.32**
Segment Result	**305.36**	**290.72**	**596.08**
Reconciliation to Total comprehensive income:			
Finance costs			(206.78)
Gain/(loss) on fair valuation of CCPS			(428.29)
Other unallocable expenses			(31.57)
Profit/(loss) before tax			**(70.56)**
Tax expense			(113.01)
Profit/(loss) for the year			**(183.57)**
Other comprehensive income ('OCI')			(10.83)
Total comprehensive income, net of tax			**(194.40)**

Segment Assets and Segment Liabilities

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment assets	**4,579.61**	**1,658.73**	**6,238.33**
Reconciliation to Total Assets:			
Investment			0.03
Balance recoverable from government authorities			229.61
Deposits with government authorities			12.12
			106.84
Cash and cash equivalents			
Deferred tax			70.82
Other unallocable assets			50.69
Total assets			**6,708.44**

(All amounts in Indian Rupees Million, except as otherwise stated)

	Automotive & Industrial Segment	Aerospace Segment	Total
Segment Liabilities	**1,221.89**	**387.55**	**1,609.44**
Reconciliation to Total Liabilities:			
Borrowings including CCPS			4,263.67
Deferred tax liabilities (net)			275.31
Other unallocable liabilities			81.57
Total liabilities			**6,229.99**

Note: Certain items of asset, liability, expense and income as summarised above are not directly attributable and allocable to an operating segment and accordingly, the same are not allocated and shown as reconciling items.

C. Geographical information

(i) Revenue from operations - external customers based on the locations of the customers *

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
(i) attributed to the Company's country of domicile					
India	401.41	147.84	1,443.10	1,598.63	1,946.76
(ii) attributed to group of foreign countries					
North America	459.62	161.14	1,346.45	1,390.08	1,130.00
Europe	420.57	216.84	1,257.81	2,246.08	2,181.66
Asia (other than India)	74.90	32.32	226.27	473.22	344.63
TOTAL	**1,356.50**	**558.14**	**4,273.63**	**5,708.01**	**5,603.05**

(ii) Non-current assets **	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
(i) located in the Company's country of domicile - India	3,164.40	3,511.36	3,248.24	3,614.46	3,552.51
(ii) located in foreign countries	-	-	-	-	-
Total	**3,164.40**	**3,511.36**	**3,248.24**	**3,614.46**	**3,552.51**

* Revenue by geographical area are based on the geographical location of the customer.
** Non-current assets excludes financial assets and tax assets.

D. Other information

For the three months period ended June 30, 2021	Automotive & Industrial Segment	Aerospace Segment	Total
Capital expenditure	16.16	1.37	**17.53**
Depreciation and amortisation (excluding depreciation on right-of-use assets)	61.38	30.47	**91.85**

For the three months period ended June 30, 2020	Automotive & Industrial Segment	Aerospace Segment	Total
Capital expenditure	7.30	0.98	**8.28**
Depreciation and amortisation (excluding depreciation on right-of-use assets)	58.92	31.91	**90.83**

For the year ended March 31, 2021	Automotive & Industrial Segment	Aerospace Segment	Total
Capital expenditure	124.57	9.07	**133.64**
Depreciation and amortisation (excluding depreciation on right-of-use assets)	237.67	126.19	**363.86**

For the year ended March 31, 2020	Automotive & Industrial Segment	Aerospace Segment	Total
Capital expenditure	275.35	172.65	**448.00**
Depreciation and amortisation (excluding depreciation on right-of-use assets)	228.84	112.45	**341.29**

For the year ended March 31, 2019 (As adjusted)	Automotive & Industrial Segment	Aerospace Segment	Total
Capital expenditure	743.78	595.51	**1,339.29**
Depreciation and amortisation (excluding depreciation on right-of-use assets)	181.62	67.76	**249.38**

42 Disclosure pursuant to IND AS 115: Revenue from contract with customers

A Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers by timing of transfer of goods or services

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Timing of revenue recognition (refer note 23 of Annexure VII)					
- control transferred at a point in time	1,351.33	553.58	4,258.75	5,668.03	5,575.40
- control transferred over time	5.17	4.56	14.88	39.98	27.65
	1,356.50	**558.14**	**4,273.63**	**5,708.01**	**5,603.05**

(All amounts in Indian Rupees Million, except as otherwise stated)

Annexure VII
Notes to Restated Summary Statements

B Contract balances

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Advance from customers (refer note 22 of Annexure VII)	1.76	0.10	0.30	0.27	6.55
Trade receivables (refer note 12 of Annexure VII)	1,083.96	735.24	1,127.50	1,151.98	1,101.07

Trade receivables are non-interest bearing and are generally on credit terms of up to 90 days. The provision for expected credit losses on trade receivables are recognised based on simplified approach and is disclosed in note 12.

Advance received from customers represent transaction price allocated to unsatisfied performance obligations (i.e., supply of goods). The unsatisfied performance obligations are expected to be recognised within one year.

C Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the period/ year

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Advance from customers (note 22 of Annexure VII)	0.30	0.27	0.27	6.55	1.93

D Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon dispatch/delivery of the goods and payment is generally due within 30 to 90 days from dispatch/delivery in accordance with the terms of contract with customers.

The Company provides for warranties to its customers in the nature of assurance-type warranties, which is accounted for as obligation and provided for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Sale of services

The performance obligation is satisfied over-time and payment is generally due upon completion of service and acceptance of the customer.

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ANNEXURE VII
Notes to Restated Summary Statements

43 First time adoption of Ind AS

A. First time adoption

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, with effect from April 01, 2020.

For all periods up to and including the year ended March 31, 2020, the Company had prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and amendments thereof ('Previous GAAP'). These financial statements for the year ended March 31, 2021 are the first financial statements prepared and presented by the Company in accordance with Ind AS and presentation requirements of Division II of Schedule III to the Act ('Ind AS Sch III').

The Restated Summary Statements of the Company are prepared and presented in accordance with Ind AS. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending March 31, 2021, together with the comparative period data as at and for the year ended March 31, 2020, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2019, the Company's date of transition to Ind AS. In preparing these Restated Summary Statements, the Company has prepared opening Balance Sheet as at April 01, 2018, being the adjusted date of transition to Ind AS.

The Restated Summary Statements for the year ended March 31, 2019 (as adjusted) have been prepared in accordance with requirements of SEBI Circular dated March 31, 2016 and Guidance Note On Reports in Company Prospectuses issued by ICAI. For the purpose of Restated Summary Statements for the year ended March 31, 2019 (as adjusted), the Company has followed the same accounting policy and accounting policy choices (both mandatory exemptions and optional exemptions availed as per Ind AS 101) as initially adopted on the transition date i.e. April 01, 2019.

This note explains principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at April 01, 2018 and the financial statements as at and for the years ended March 31, 2019.

B. Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Deemed cost for Property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the net carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its PPE and intangible assets at their Previous GAAP net carrying value.

Leases

Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. Accordingly to Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used IndAS 101 exemption and assessed all arrangements based on conditions in place as the date of transition.

Designation of previously recognised financial instrument

Financial assets and financial liabilities are classified at fair value through profit and loss based on facts and circumstances as at the date of transition to Ind AS. Financial asset and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 01, 2019 (April 01, 2018, adjusted transition date) and not from the date of initial recognition.

C. Mandatory exemptions

The Company has adopted all relevant mandatory exemptions as set out in Ind AS 101, which are as below:

Estimates

The estimates as at April 01, 2019 (April 01, 2018 adjusted transition date) and March 31, 2020 and March 31, 2019 (as adjusted) are consistent with those made for the same dates in accordance with Indian GAAP except impairment of financial assets based on expected credit loss model. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2019 (April 01, 2018, adjusted transition date), the date of transition to Ind AS and as of March 31, 2020 and March 31, 2019 (as adjusted).

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Company has assessed the same accordingly.

Derecognition of financial assets

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions appearing on or after the date of transition to Ind AS.

Impairment of financial assets

The Company has applied exemption related to impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 01, 2019 (April 01, 2018, adjusted transition date).

(All amounts in Indian Rupees Million, except as otherwise stated)

D Statement of reconciliation of total equity and profit and loss as per previous GAAP and Ind AS

Reconciliation of total equity as at March 31, 2020 and March 31, 2019 (As adjusted) and April 01, 2018 (As adjusted):

Equity reconciliation

	As at March 31, 2020	As at March 31, 2019 (As adjusted)	As at March 31, 2018 (As adjusted)
Total Equity as per previous GAAP (a)	**2,554.24**	**2,104.17**	**1,865.55**
Ind AS adjustment:			
Ind AS 101: Adjustment for revaluation reserve recognised in previous GAAP	(48.33)	-	-
Ind AS 32: Classification of CCPS as a financial liability from equity in previous GAAP	(490.00)	(240.00)	(240.00)
Ind AS 109: Fair value change on CCPS	(1,598.30)	(1,166.56)	(738.27)
Ind AS 116: Recognition of right of use assets and lease liabilities (including impact of derecognition of rent equalisation reserve per Previous GAAP)	(10.10)	13.67	11.49
Ind AS 109: Recognition of financial instruments at amortised cost	(12.06)	(13.64)	(11.49)
Ind AS 109: Fair Valuation of Investments	(0.02)	-	0.03
Ind AS 109: Recognition of Expected Credit Allowance	(14.73)	(19.73)	(14.00)
Ind AS 12: Recognition of Deferred Tax (including on the revaluation reserve under Previous GAAP as at the Ind AS transition date)	(137.29)	(199.46)	(200.46)
Total Ind AS adjustments (b)	**(2,310.83)**	**(1,625.72)**	**(1,192.70)**
Total Equity as per Ind AS (c = a + b)	**243.41**	**478.45**	**672.85**
Total Restated Equity	**243.41**	**478.45**	**672.85**

Reconciliation of total restated profit for the year ended March 31, 2020 and March 31, 2019 (As adjusted) previous GAAP to Ind AS:

	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Total Net profit as per previous GAAP (a)	**151.74**	**238.62**
Ind AS adjustment		
Ind AS 109: Fair value adjustments on CCPS	(431.74)	(428.29)
Ind AS 116: Recognition of right of use assets and lease liabilities	(23.77)	2.18
Ind AS 109: Recognition of financial instruments at amortised cost	1.58	(2.15)
Ind AS 109: Fair Valuation of Investments	(0.02)	(0.03)
Ind AS 109: Reversal of Expected Credit Allowance	5.00	(5.73)
Ind AS 12: Recognition of Deferred Tax	62.17	1.00
Ind AS 19: Recognition of remeasurement gain/losses through OCI (net of tax effect)	8.57	10.83
Total Ind AS adjustment (b)	**(378.21)**	**(422.19)**
Total Restated Profit (c = a + b)	**(226.47)**	**(183.57)**

Notes to reconciliations between Previous GAAP and Ind AS

> **Ind AS 101: Adjustment for revaluation reserve recognised in previous GAAP**
As explained earlier, the Company has elected to measure all its property, plant and equipment at their previous GAAP carrying value and use that as its deemed cost as at the transition date and also elected the cost model under Ind AS 16 for subsequent measurement of PPE. Accordingly, in accordance with Ind AS 101, the balance outstanding in the 'Revaluation Reserve' created as per Previous GAAP has been transferred to another category of equity, i.e., Other Reserve disclosing the description of the nature and purpose of such amount. The Company is no longer applying the revaluation model of Ind AS 16. Consequently, the addition to revaluation reserve during the year ended March 31, 2020 under Previous GAAP has been reversed.

> **Ind AS 32: Classification of CCPS as a financial liability from equity in previous GAAP**
Under the previous GAAP, CCPS issued by the Company to the investors were classified as equity and carried at transaction value. Under Ind AS, such CCPS has been designated upon initial recognition as a financial liability measured at fair value through profit or loss based on the terms of the instrument. The transaction value of CCPS, which was recorded as an item of equity under Previous GAAP, is recorded as a financial liability under Ind AS.

> **Ind AS 109: CCPS**
As explained earlier, CCPS is initially recognised as a financial liability at fair value (issue price) and subsequent to initial recognition, such CCPS is fair valued through the statement of profit or loss.
On the transition date, CCPS is recorded at its fair value and difference between its fair value and the carrying amount as per previous GAAP is recognised in the retained earnings. Further, subsequent to the transition date, such CCPS is fair valued through the statement of profit or loss.

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Notes to Restated Summary Statements

> **Ind AS 116: Recognition of right of use assets and lease liabilities**
Under Previous GAAP, the Company as a lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incidental to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Pursuant to application of Ind AS 116, for operating leases other than those for which the Company has opted for short-term exemption, the Company has recorded a right-of-use assets and lease liability. Right-of-use (ROU) asset is amortised over the lease term or useful life of the leased assets whichever is lower and lease liability is subsequently measured at amortised cost and interest expense is recognised. The rent equalisation reserve under Previous GAAP towards straight-lining of rent was adjusted with value of ROU asset on transition to Ind AS.

> **Ind AS 109: Recognition of financial instruments at amortised cost**
Under Indian GAAP, the Company recognised interest-free rent deposits at their transaction value, however under Ind AS, these deposits are initially recognised at fair value. The difference between the present value and the principle amount of the deposit paid at inception to be accounted for as deferred lease assets, which would be recognised as an expense on a straight line bases over the lease term. Correspondingly , there will be interest income accrued on the discounted value of deposits. Other deposits (utility deposits) are payable on demand and have no contractual period. Hence there are no GAAP differences for these demand deposits.

> **Ind AS 109: Fair Valuation of Investments**
Under previous GAAP, the Company was carrrying their non-current investment at cost and used to record provision for diminution in value to recognise a decline, other than temporary. Under Ind AS, these investments are required to be measured at fair value. The resulting change in fair value is recognised in retained earnings at the date of transition and subsequently in the statement of profit and loss.

> **Ind AS 109: Recognition of Expected Credit Allowance**
The provision is made against trade receivables based on “expected credit loss” model as per Ind AS 109. Under previous GAAP the provision was made when the receivable turned doubtful based on the assessment on case to case basis.

> **Ind AS 12: Recognition of deferred tax asset**

(including on the revaluation reserve under Previous GAAP as at the Ind AS transition date)
Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Accordingly, under Ind AS, there are transitional adjustments leading to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings on transition or a separate component of equity depending on the recognition of the instrument.

> **Ind AS 19: Recognition of remeasurement gain/losses through OCI (net of tax effect)**
Under Ind AS, remeasurement gains/losses on defined benefit plans are recognized in other comprehensive income. Under Previous GAAP, these remeasurements were forming part of the profit or loss for the year. The application of the above principle has resulted in change in the profit for period / year and as at applicable balance sheet date.

> **Ind AS 1: Other comprehensive income**
Under Previous GAAP, the Company was not required to present OCI separately. Hence, the Company has reconciled Previous GAAP profit to profit and total comprehensive income as per Ind AS.

> **Ind AS 7: Cash flow statements**
The transition from the Previous GAAP to Ind AS did not have material impact on the statement of cash flow, except for payment of lease liabilities, which were forming part of operating activity under Previous GAAP and are now included under financing activity.

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(All amounts in Indian Rupees Million, except as otherwise stated)

44 Accounting Ratios

i) The accounting ratios is given below:

Ratio	Numerator	Denominator	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)	Variance (June 2021 vs March 2021)	Variance (June 2020 vs March 2020)	Variance (March 2021 vs March 2020)	Variance (March 2020 vs March 2019)
Current Ratio	Current assets	Current liabilities	1.11	1.01	1.08	1.05	1.01	2.50%	(4.55%)	2.51%	3.83%
Debt-Equity Ratio	Total debt (excluding CCPS)	Shareholder's Equity (excluding CCPS)	**	35.69	**	10.92	5.97	**	226.80%	**	82.90%

** Considering that the Shareholder's Equity (excluding CCPS) is eroded, debt equity ratio is not being computed for the period/year ended March 31, 2021 and June 30, 2021.

			For the three months ended June 30, 2021 (Not Annualised)	For the three months ended June 30, 2020 (Not Annualised)	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	Variance* (June 2021 vs June 2020)	Variance* (March 2021 vs March 2020)	Variance* (March 2020 vs March 2019)
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses/income(net) + Finance Cost + Loss on Fair Valuation of CCPS	Debt service = Interest & Lease Payments + Principal Repayments of Long term borrowings	0.59	0.24	1.05	1.43	1.58	146.61%	(26.21%)	(9.33%)
Return on Equity Ratio	Net Profits after taxes + Loss on Fair Valuation of CCPS	Average Shareholder's Equity (excluding CCPS)	0.11	(0.96)	(147.42)	(0.63)	(0.32)	(111.69%)	(23395.36%)	(93.86%)
Inventory turnover ratio	Cost of goods sold	Average Inventory	0.33	0.18	1.28	1.89	2.30	76.51%	(32.01%)	(17.84%)
Trade receivables turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	1.21	0.58	3.70	4.99	5.19	107.82%	(25.83%)	(3.84%)
Trade payables turnover ratio	Net credit purchases (Gross credit purchases - purchase return) + other expenses	Average Trade Payables	1.33	0.50	4.13	4.90	5.05	164.85%	(15.62%)	(3.06%)
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	3.92	42.44	17.48	36.78	129.40	(90.76%)	(52.46%)	(71.58%)
Net profit ratio	Net Profit	Net sales = Total sales - sales return	(0.02)	(0.27)	(0.11)	(0.04)	(0.03)	92.39%	(176.49%)	(21.10%)
Return on Capital employed (%)	Earnings before interest and taxes + Loss on fair valuation of CCPS	Capital Employed = Tangible Net Worth + Total Debt+ CCPS + Deferred Tax Liability	0.02	(0.03)	0.00	0.08	0.11	165.83%	(99.47%)	(25.93%)
Return on Investment	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

<u>*Reasons for variance of more than 25% in above ratios</u>

1.Due to the outbreak of Covid-19, the operations of the Company including purchases and revenue where affected during the three month period ended June 30, 2021, June 30 2020 and year ended March 31, 2021 and March 31, 2020. Hence, the above ratios are not comparable.

(All amounts in Indian Rupees Million, except as otherwise stated)

ANNEXURE VII
Notes to Restated Summary Statements

45 Other Statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the three months period.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

46 As at June 30, 2021, there are no standards that have been issued but are not yet effective, which will impact these Restated Summary Statements.

47 There were no subsequent events after the reporting date which requires disclosure or adjustment to the reported amounts.

As per our report of even date

For S.R. Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration Number : 101049W/E300004	For and on behalf of the Board of Directors of: Maini Precision Products Limited CIN: U27201KA1973PLC002307		
per Sandeep Karnani Partner Membership No.: 061207 Place: Bengaluru, India Date: December 11, 2021	Gautam Maini Managing Director DIN: 00667616 Place: Bengaluru, India Date: December 11, 2021	Sandeep Kumar Maini Director DIN: 01568787 Place: Bengaluru, India Date: December 11, 2021	V Sridhar Director & Chief Financial Officer DIN: 02584405 Place: Bengaluru, India Date: December 11, 2021
	Vijayesh Rajendran Company Secretary Membership No.: A50875 Place: Bengaluru, India Date: December 11, 2021		

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations and certain Non – GAAP measures are given below:

Particulars	As at and for the period ended June 30, 2021	As at and for the period ended June 30, 2020	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019 (As adjusted)
Basic Earnings per share (in ₹)*	(0.67)	(3.63)	(11.35)	(5.48)	(4.44)
Diluted Earnings per share (in ₹)*	(0.67)	(3.63)	(11.35)	(5.48)	(4.44)
Return on net worth %	3.28%	28.88%	56.84%	65.78%	168.00%
Net asset value per equity share (in ₹)	(6.22)	1.66	(5.74)	5.89	11.58

**The Earnings per share information for the period ended June 30, 2021 and June 30, 2020 are not annualized.*

The ratios have been computed as under:

1. Basic Earnings per share = Restated profit/(loss) attributable to equity holders for computation of Basic EPS/ Weighted average number of shares outstanding for computation of Basic EPS (as adjusted for changes in capital). Also refer note 6 below.

2. Diluted Earnings per share = Restated profit/(loss) attributable to equity holders for computation of Diluted EPS/ Weighted average number of shares outstanding for computation of Diluted EPS (as adjusted for changes in capital). Also refer note 6 below.

3. Return on net worth (%) = Restated profit/(loss) for the period/ year/Net Worth

4. Net worth = Equity Share Capital + Other Equity – Other Reserve

5. Net asset value per equity share = (Total Assets – Total Liabilities) / Number of equity shares outstanding at the end of the period/year (as adjusted for changes in capital). Also refer note 6 below.

6. All share data has been adjusted for sub-division of face value of equity shares of our company. Pursuant to a resolution passed by the shareholders in the Board meeting held on October 27, 2021, our company has sub-divided the face value of its equity shares from ₹10 to ₹2 each.

7. Basic Earnings per share, Diluted Earnings per share, Return on net worth and Net asset value per equity share are impacted by loss on fair valuation of CCPS and CCPS not being considered as equity but borrowings

8. Our Company is having 0.0001% compulsorily convertible preference shares (CCPS) of ₹ 10 each which are potential equity shares. The number of ordinary shares that will be issued on conversion of CCPS to ordinary shares is not fixed and hence, maximum number of ordinary shares that could be issued on conversion of CCPS as per the shareholders agreement *i.e.* 24,625,000 shares have been considered in calculation of diluted earning per share as per Ind AS 33, earnings per share. The impact of potential equity shares on earnings per share for the year ended March 31, 2019, March 31, 2020, March 31, 2021 and the three month period ended June 30, 2020 and June 30, 2021 are anti-dilutive and hence, basic earnings per shares has been considered as the diluted earnings per share for the above period/year.

(in ₹ million unless otherwise specified)

Particulars	For the period ended June 30, 2021	For the period ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Restated profit/(loss) attributable to equity holders for computation of Basic EPS (A)	(27.73)	(149.93)	(468.81)	(226.47)	(183.57)
Add: Loss on Fair valuation of CCPS (B)	60.22	11.07	287.60	431.74	428.29
Restated profit/(loss) attributable to equity holders for computation of Diluted EPS (C)	32.49	(138.86)	(181.21)	205.27	244.72

(in ₹ million unless otherwise specified)

Particulars	For the period ended June 30, 2021	For the period ended June 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019 (As adjusted)
Weighted average number of shares outstanding for computation of Basic EPS (D)	4,13,14,855	4,13,14,855	4,13,14,855	4,13,14,855	4,13,14,855
Basic Earnings per share (in ₹) (E = A/D)*	(0.67)	(3.63)	(11.35)	(5.48)	(4.44)
Diluted Earnings per share (in ₹) (F =A/D)*	(0.67)	(3.63)	(11.35)	(5.48)	(4.44)

**The Earnings per share information for the period ended June 30, 2021 and June 30, 2020 are not annualized.*
In accordance with the Indian Accounting Standard (Ind AS) - 33 Earnings Per Share, specified under Section 133 of the Companies Act 2013, read with relevant rules issued thereunder, the effect of CCPS is anti-dilutive and hence the impact of the same has been ignored in the computation of diluted EPS.

Reconciliation of Net Worth and Return on net worth

(in ₹ million except percentages)

Particulars	As at and for the period ended June 30, 2021	As at and for the period ended June 30, 2020	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019 (As adjusted)
Equity Share capital (A)	82.63	82.63	82.63	82.63	82.63
Other equity (B)	(339.53)	(13.97)	(319.69)	160.78	395.82
Other Reserve (C)	587.72	587.72	587.72	587.72	587.72
Net Worth (D) = (A)+(B)-(C) (₹ in million)	**(844.62)**	**(519.06)**	**(824.78)**	**(344.31)**	**(109.27)**
Restated profit / (loss) for the period / year (E)	(27.73)	(149.93)	(468.81)	(226.47)	(183.57)
Return on net worth (F) = (E)/(D) (%)	3.28%	28.88%	56.84%	65.78%	168.00%

Note: The disclosure of return on net worth is arithmetically calculated on the basis of the above computation. Considering the negative net worth, return on net worth is not determinable.

Reconciliation of Net asset value per equity share

Particulars	For the period ended June 30, 2021	For the period ended June 30, 2020	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019 (As adjusted)
Total Assets (A) (₹ in millions)	6,874.37	6,155.79	6,680.91	6,803.53	6,708.44
Total Liabilities (B) (₹ in millions)	7,131.27	6,087.13	6,917.97	6,560.12	6,229.99
Number of equity shares outstanding at the end of the period/year (as adjusted for changes in capital) (C)	4,13,14,855	4,13,14,855	4,13,14,855	4,13,14,855	4,13,14,855
Net asset value per equity share (in ₹) **(D = (A-B)/(C)**	(6.22)	1.66	(5.74)	5.89	11.58

Note: Refer "Non-GAAP Measures" for EBITDA and EBITDA Margin

Non – GAAP Measures

Certain non-GAAP measures such as Net Worth, Return on Net Worth, EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, Net Asset Value, Net Asset Value per Equity Share, PAT Margin, Adjusted PAT, Adjusted PAT Margin, EBIT, Adjusted EBIT, Capital Employed, Tangible Net Worth, ROCE, Adjusted ROCE, Adjusted Total Equity, Adjusted Total Borrowings, Total Borrowings / Total Equity and Total Non-Current Borrowings / Total Equity ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

Reconciliation of Total Equity to Adjusted Total Equity

Adjusted Total Equity is defined as sum of (i) Total Equity, and (ii) Fair Value of CCPS

(in ₹ million)

Particulars	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Equity					
Equity share capital (A)	82.63	82.63	82.63	82.63	82.63
Other equity (B)	(339.53)	(13.97)	(319.69)	160.78	395.82
Total equity (C)=(A)+(B)	(256.90)	68.66	(237.06)	243.41	478.45
Fair Value of CCPS					
Series A (D)	1,957.02	1,645.00	1,902.67	1,643.55	1,406.56
Series B (E)	479.10	454.37	473.23	444.75	-
Total Fair Value of CCPS = (D) + (E)	**2,436.12**	**2,099.37**	**2,375.90**	**2,088.30**	**1,406.56**
Adjusted Total Equity (F) = (C)+(D)+(E)	**2,179.22**	**2,168.03**	**2,138.84**	**2,331.71**	**1,885.01**

Reconciliation of Total Borrowings to Adjusted Total Borrowings

Adjusted Total Borrowings is defined as (i) Total Borrowings, less (ii) Fair Value of CCPS.

(in ₹ million)

Borrowings	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 (As adjusted)
Total Non Current Borrowings (A)	3,315.90	2,994.95	3,283.34	3,048.48	2,544.57
Total Current Borrowings (B)	2,083.60	1,555.08	1,952.81	1,698.38	1,719.10
Total Borrowings (C) = (A)+(B)	**5,399.50**	**4,550.03**	**5,236.15**	**4,746.86**	**4,263.67**
Fair Value of CCPS					
Series A (D)	1,957.02	1,645.00	1,902.67	1,643.55	1,406.56
Series B (E)	479.10	454.37	473.23	444.75	-
Adjusted Total Borrowings (F) = (C)-(D)-(E)	**2,963.38**	**2,450.66**	**2,860.25**	**2,658.56**	**2,857.11**

Reconciliation of restated profit / (loss) for the period/year to EBITDA, Adjusted EBITDA, EBITDA Margin and Adjusted EBITDA Margin for the year/period

The table below reconciles restated profit/(loss) for the period/year to EBITDA and Adjusted EBITDA.

EBITDA is calculated as sum of (i) Restated profit/(loss) for the period/year, (ii) Total tax expense, (iii) Finance Costs, and (iv) Depreciation and Amortization Expense.

Adjusted EBITDA is defined as sum of (i) EBITDA, and (ii) Loss on fair valuation of CCPS.

EBITDA Margin is defined as EBITDA divided by Total Income.

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Total Income.

(in ₹ million except percentages)

Particulars	For the three months period ended		As at the end for the year ended March 31,		
	June 30, 2021	**June 30, 2020**	**2021**	**2020**	**2019 (As adjusted)**
Restated profit / (loss) for the period / year (A)	(27.73)	(149.93)	(468.81)	(226.47)	(183.57)
Add:					
Total tax expense (B)	11.33	(46.94)	(28.31)	(8.62)	113.01
Finance costs (C)	52.65	54.43	211.79	237.30	206.78
Depreciation and amortisation expense (D)	104.82	103.80	415.73	393.16	289.52
EBITDA (E) = (A)+(B)+(C)+(D)	141.07	(38.64)	130.40	395.37	425.74
Loss on fair valuation of CCPS (F)	60.22	11.07	287.60	431.74	428.29
Adjusted EBITDA (G)= (E)+(F)	201.29	(27.57)	418.00	827.11	854.03
Total income (H)	1378.79	603.83	4368.04	5841.20	5737.32
EBITDA Margin (I) = (E)/(H) (%)	10.23%	(6.40)%	2.99%	6.77%	7.42%
Adjusted EBITDA Margin (J) = (G)/(H) (%)	14.60%	(4.57)%	9.57%	14.16%	14.89%

PAT Margin is calculated as Restated profit / (loss) for the period / year divided by Total Income.

Adjusted PAT Margin is calculated as Adjusted PAT divided by Total Income.

Adjusted PAT is calculated as the sum of (i) Restated profit / (loss) for the period / year, and (ii) Loss on fair valuation of CCPS.

(in ₹ million except percentages)

Particulars	For the three months period ended June 30,		For the year ended March 31,		
	All Rupees in millions				
	2021	**2020**	**2021**	**2020**	**2019 (As adjusted)**
Restated profit / (loss) for the period / year (A)	(27.73)	(149.93)	(468.81)	(226.47)	(183.57)
Total Income (B)	1,378.79	603.83	4,368.04	5,841.20	5,737.32
PAT Margin (C) = (A)/(B)	**(2.01)%**	**(24.83)%**	**(10.73)%**	**(3.88)%**	**(3.20)%**
Loss on fair valuation of CCPS (D)	60.22	11.07	287.60	431.74	428.29
Adjusted PAT (E) = (A)+(D)	32.49	(138.86)	(181.21)	205.27	244.72
Adjusted PAT Margin (F) = (E)/B) (%)	2.36%	(23.00)%	(4.15)%	3.51%	4.27%

Reconciliation of Tangible Net Worth, RoCE and Adjusted RoCE

Return on Capital Employed (RoCE) is calculated as EBIT divided by Capital Employed.

Earnings before Interest and tax (EBIT) is defined as sum of (i) Restated profit/(loss) for the period/year, (ii) Total tax expense, and (iii) Finance Cost.

Adjusted EBIT is defined as sum of (i) EBIT, and (ii) Loss on Fair Valuation of CCPS.

Capital Employed is defined as the sum of (i) Tangible Net Worth, (ii) Total Borrowings and (iii) Deferred Tax Liabilities.

Tangible Net Worth is defined as Total Assets less (i) Total Liabilities and (ii) Intangible Assets and Intangible Assets under development.

Adjusted RoCE is calculated as Adjusted EBIT divided by Capital Employed.

(in ₹ million except percentages)

Particulars	For the three months period ended June 30,		For the year ended March 31,		
	2021	**2020**	**2021**	**2020**	**2019 (As adjusted)**
Restated profit / (loss) for the period / year (A)	(27.73)	(149.93)	(468.81)	(226.47)	(183.57)
Total tax expense (B)	11.33	(46.94)	(28.31)	(8.62)	113.01
Finance costs (C)	52.65	54.43	211.79	237.30	206.78
EBIT (D)=(A)+(B)+(C)	36.25	(142.44)	(285.33)	2.21	136.22
Loss on fair valuation of CCPS (E)	60.22	11.07	287.60	431.74	428.29
Adjusted EBIT (F) = (D)+(E)	96.47	(131.37)	2.27	433.95	564.51
Total Assets (G)	6874.37	6155.79	6680.91	6803.53	6708.44
Total Liabilities (H)	7131.27	6087.13	6917.97	6560.12	6229.99
Intangible Assets and Intangible Assets under development (I)	17.54	28.98	19.74	32.54	24.93
Tangible Net Worth (J)=(G)-(H)-(I)	**(274.44)**	**39.68**	**(256.80)**	**210.87**	**453.52**
Total Borrowings (K)	5399.50	4550.03	5236.15	4746.86	4263.67
Deferred Tax Liabilities (L)	182.26	168.33	168.32	223.62	275.31
Capital Employed (M) = (J)+(K)+(L)	5307.32	4758.04	5147.67	5181.35	4992.50
RoCE (N=D/M) (%)	0.68%	(2.99)%	(5.54)%	0.04%	2.73%
Adjusted RoCE (O=F/M) (%)	1.82%	(2.76)%	0.04%	8.38%	11.31%

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of our Company as at and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019 are available at https://www.mainiprecisionproducts.com/Corporate-Governance.html ("**Audited Financial Statements**").

Our Company is providing a link to this website solely to comply with the requirements specified under the SEBI ICDR Regulations. The Standalone Financial Statements and the reports thereon 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, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements and the reports thereon should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision. None of our Company nor or any of its advisors, nor any of the 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 Audited Financial Statements, or the opinions expressed therein.

RELATED PARTY TRANSACTIONS

For further details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 'Related Party Transactions' read with SEBI ICDR Regulations for the three months ended June 30, 2021 and June 30, 2020 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 as reported in the Restated Summary Statements, see "*Restated Summary Statements – Note 37: Related party disclosure*" on page 347.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscals 2019, 2020, 2021, three months ended June 30, 2020, and three months ended June 30, 2021.

We have included in this section a discussion of our results of operations, cashflows and financial conditions derived from our Restated Summary Statements.

The restated financial statements of our Company, comprise the restated summary statement of assets and liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 (as adjusted), the restated summary statement of profit and loss and the restated summary statement of cash flows for the three months ended June 30, 2021 and June 30, 2020, and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 (as adjusted), together with the summary statement of significant accounting policies, and other explanatory information thereon derived from the audited financial statements as at and for the three months ended June 30, 2021 and June 30, 2020 each prepared in accordance with Ind AS 34 and the audited financial statements as at and for the year ended March 31, 2021 prepared in accordance with Ind AS and the audited financial statements as at and for the years ended March 31, 2020 and March 31, 2019 prepared in accordance with IGAAP and restated in accordance with the SEBI ICDR Regulations, as amended from time to time, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI.

Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Restated Summary Statements included in this Draft Red Herring Prospectus on page 297.

Ind AS differs in certain respects from Indian GAAP, IFRS and US GAAP and other accounting principles with which prospective investors may be familiar.

This discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as the risks set forth in the chapters entitled "Risk Factors" and "Forward-Looking Statements" on pages 30 *and* 21*, respectively.*

*Unless otherwise indicated, or unless the context otherwise requires, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of market potential for specific precision components" (the "**CRISIL Report**"), prepared and issued by CRISIL Limited in October 2021, and exclusively commissioned and paid for by our Company in connection with the Offer. Unless otherwise indicated, or unless the context otherwise requires, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate." on page 51. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 17.*

Overview

We are an end-to-end solutions provider engaged in process design, engineering, manufacturing, testing, and supply of a variety of precision products and assemblies. We are capable of diverse and critical manufacturing and finishing processes, including machined castings, die castings, machined forgings, bar route machining, plate machining, surface treatment, heat treatment, critical assembly, as well as ancillary activities such as end of line testing, export packing and warehousing, which helps us provide end-to-end solutions for our customer requirements. As per CRISIL, we are among the leading precision components exporters from India in terms of contribution to overall revenues. Out of our revenue from operations, 65.26%, 71.99%, 66.23%, 73.51%, and 70.41% was attributable to a group of foreign countries for the purpose of export of products in Fiscal 2019, Fiscal 2020, Fiscal 2021, the three months period ended June 30, 2020 and the three months period ended June 30, 2021. As of June 30, 2021, we exported our products to 27 countries.

We had a diverse portfolio of over 126 product families, and more than 50 customers as of June 30, 2021, which positions us as a strategic and preferred supplier. We have a diversified business, wherein our products are classified into two business, being (a) aerospace, which comprises precision products manufactured for aerospace and defense, and (b) automotive and industrial, which comprises precision products manufactured for clean internal combustion engines, fuel injections and transmissions (internal combustion engines, fuel injections and transmissions collectively referred to as "**Clean Powertrain**"), hydraulics and industrial, agriculture and legacy automotive. Our top five products for Fiscal 2021 were machined and ground shafts, PF pumps, bearing housings, heavy duty engine parts, and the GDI pump body which contributed 11.69%, 7.82%, 6.14%, 5.76%, and 4.79% to our revenue from sale of goods and services. For further details of our products, please see "*- Our Products*" on page 250.

Our diverse capabilities allow us to service customers globally. Our products are used across various industries such as aerospace, defense, automotive Clean Powertrain, power tools, material handling, hydraulic, marine, locomotive, and electronics.

We have developed and manufactured over 126 product families as of June 30, 2021, harnessing our R&D capabilities, which demonstrates our capability as an emerging solutions provider for a diverse range of products. We have 11 manufacturing facilities, which are located in Bangalore, India. Our various manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems and specialized processes, including IATF - 16949, AS 9100 Rev. D, NADCAP certificate for Non-destructive Testing ("**NDT**") and welding, ISO 14001, and ISO 45001.

As of June 30, 2021, we had a dedicated team of over 350 personnel as part of our development team, which focuses on process innovation and automation, design and implementation, which consequently helps us maintain and indigenously develop our technological prowess and manufacturing processes.

We have over four decades of experience in understanding customer specific requirements, and have a strong focus on quality, safety, value proposition, and the price competitiveness of our offerings, which we believe has helped us in establishing and maintaining long term relationships with our customers, which includes several Tier I customers and OEMs. We supply to a global clientele across various industries. Some of our customers in the (a) aerospace business include companies such as Safran Aircraft Engines, Marshall Aerospace and Defense Group, Eaton Aero, ITP Externals SLU, Parker Aerospace, and Woodward Inc., (b) in the automotive and industrial business include, Bosch Limited, Eaton Vehicle Group, Danfoss, Marelli Powertrain India Private Limited, Volvo Group India Private Limited, Cummins India Limited and BorgWarner Cooling Systems India Private Limited.

We have been recognized as "Best Supplier – Lean and Fast" in 2015 by General Electric and have received a "Preferred Supplier" award from Robert Bosch GmbH in 2015, a "Supplier Quality Excellence Award" from General Motors in 2019 and 2020, and a "Quality Excellence" award by General Electric in 2021. For further details of awards received by us, please see "*History and Certain Corporate Matters*" on page 270.

We forayed into aerospace manufacturing in 2004, and have, over the years, integrated three verticals within our business, namely aerospace engines, aircraft systems and aero structures. We believe we are well positioned to supply to the aerospace industry, on account of our experience and long standing relationships with various international customers. Our experience in aerospace commercial programs has also enabled us to venture into the defense market for land, airborne and naval platforms. We are associated with the defense majors based in USA, Europe and Israel for a range of defense programs.

Our experience in precision engineering, which spans over four decades, has also enabled us to venture into (a) the Clean Powertrain market, where we supply to global automotive Tier I players and OEMs in USA, Europe and India for a range of Clean powertrain programs, and (b) various industrial segments like power tools, locomotive, and marine, where we supply to OEMs in USA, Mexico, Europe and India.

Financial and operating performance

Our revenue from operations for Fiscals ended 2019, 2020 and 2021, and three months period ended June 30, 2020 and June 30, 2021, was ₹ 5,603.05 million, ₹ 5,708.01 million, ₹ 4,273.63 million, ₹558.14 million, and ₹1,356.50 million, respectively. Our restated profit / (loss) after tax for Fiscals ended 2019, 2020 and 2021, and three months period ended June 30, 2020 and June 30, 2021, was ₹(183.57) million, ₹(226.47) million, ₹(468.81) million, ₹(149.93) million and ₹(27.73) million, respectively. Our adjusted ROCE for Fiscals ended 2019, 2020 and 2021, and three month period ended June 30, 2020 and June 30, 2021, was 11.31%, 8.38%, 0.04%, (2.76)% and 1.82%, respectively. For further details of classification of CCPS as equity, please see "*Management's Discussion and Analysis of Financial Condition and Operations – Classification of CCPS*" on page 392. Further, please see "*Other Financial Information*" on page 361.

Principal Factors Affecting Our Financial Condition and Results of Operations

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled "*Risk Factors*" on page 30. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations.

General Global and Indian Economic Conditions

Our results of operations are dependent on the overall economic conditions in the markets in which we operate, including India, Europe and North America. We derive all of our operating revenue from sales of complex and high-quality precision engineered products, primarily supplying to Tier 1 suppliers in India and internationally, in sectors such as aerospace, defence, automotive and industrial. The level of demand for precision forged and machined products depends primarily on conditions in these sectors in our target markets, which, in turn, depend to a large extent on general economic conditions in these markets. Stronger economic indicators tend to correlate with higher demand for products in the sectors where we are present, while weaker economic indicators tend to correlate with lower demand for such products.

The cyclical nature of general economic conditions means that our results of operations can fluctuate substantially from time to time. We expect that these economic factors and conditions, particularly changes in consumer confidence, employment levels, fuel prices, urbanisation, changes in consumer preferences, government policies and interest rates, will continue to be the most important factors affecting our results of operations.

Diversity and Quality of Our Products

Our financial performance has largely been driven by our ability to continue to diversify our business through maintaining a diversified mix of our products offered to continue to deliver strategic value for our customers, an increase in our customer base in a cost-effective manner and deepening our relationships with our existing customers. Our ability to continuously acquire new assignments for our products enhances our competitiveness and market share.

Set out below are details of our product category-wise revenue from sale of goods and services for the relevant financial periods:

Products	**Fiscal 2019 (As adjusted)**		**Fiscal 2020**		**Fiscal 2021**		**Three months period ended June 30, 2020**		**Three months period ended June 30, 2021**	
	Sales of goods and services (*in ₹ million*)	**%**	**Sales of goods and services (*in ₹ million*)**	**%**	**Sales of goods and services (*in ₹ million*)**	**%**	**Sales of goods and services (*in ₹ million*)**	**%**	**Sales of goods and services (*in ₹ million*)**	**%**
Aerospace										
Aerospace and defence	1,125.84	20.89%	1,479.23	26.99%	433.61	10.51%	108.92	20.30%	143.68	10.93%
Automotive and Industrial										
Clean powertrain	2,609.66	48.43%	2,581.02	47.10%	2,099.93	50.91%	227.29	42.37%	688.00	52.35%
Hydraulics and industrial	790.27	14.67%	762.29	13.91%	779.64	18.90%	126.69	23.62%	273.25	20.79%
Agriculture	584.13	10.84%	425.05	7.76%	506.65	12.28%	49.66	9.26%	119.13	9.06%
Legacy automotive	268.43	4.98%	224.39	4.09%	201.81	4.89%	17.29	3.22%	52.95	4.03%
Others	10.39	0.19%	7.97	0.15%	103.50	2.51%	6.60	1.23%	37.33	2.84%
Total	**5,388.71**	**100.00%**	**5,479.96**	**100.0%**	**4,125.15**	**100.00%**	**536.47**	**100.0%**	**1,314.34**	**100.00%**

Further, through our strong focus on process R&D, we have built the capabilities to develop technologically advanced precision products, which assist our customers to meet the market demands of their customers. Our systems are designed and products are manufactured in accordance with international quality standards and customized to specific customer requirements.

Increased competition from other aerospace and automotive product manufacturers as they develop differentiated and competitive products that compete with our products, could have an adverse impact on our business, results of operations, financial condition and cash flows.

Ability to maintain relationships with customers, adapt to their business needs and estimate their business requirements

We have established long-standing relationships of 10 years and more with 13 of our top 21 customers. These customers include Eaton Vehicle Group, Bosch Limited, Volvo Group India Private Limited, Danfoss, Marelli Powertrain India Private Limited, Borgwarner, a material handling manufacturer, an American power tool manufacturer, Safran Aircraft Engines, Marshall Aerospace and Defense Group, KSPG Automotive India Private Limited, an American aerospace engine manufacturer, and a European precision components manufacturer. The aforesaid customers collectively accounted for 89.22%, 85.28%, 88.53%, 83.76%, and 86.03 of our total revenue from operations for Fiscal 2019, Fiscal 2020, Fiscal 2021 and, three months ended June 30, 2020, and the three months ended June 30, 2021.

The effect of variations in our customers' purchasing patterns is based on the forecasts from the customers, as is standard in the automotive, industrial and aerospace component industry. Although we have long standing relationships with several customers and in several instances, we engage closely with our customers from concept to delivery. It is difficult for us to predict with certainty when our customers will decide to increase or decrease inventory levels or levels of production, which strategic direction they will pursue, when they might launch new models or open new facilities, 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 an effect on our revenues and our results of operations.

Further, 65.26%, 71.99%, 66.23%, 73.51% and 70.41%`% of our revenue from operations was attributable to a group of foreign countries for the purpose of export of products in Fiscal 2019, Fiscal 2020, Fiscal 2021, the three months period ended June 30, 2020, and the three months period ended June 30, 2021, respectively. Accordingly, since a significant portion of our products are exported, there is a large portion of the inventory on the sea and in third party warehouses to ensure safety stocks and reserves. Sudden variations in forecasts can cause depletion of safety stocks or build up of excess inventory. Transit times in shipping and congestion at the ports can alter the levels of safety stock in the pipeline. The long lead times for automobile models and the related programs for the development and manufacture of these products makes it difficult to predict the exact timing and exact levels of sales that we will derive from these arrangements.

Our actual production volumes may differ significantly from our estimates due to variations in customer demand for the related vehicles and aircrafts. When actual production volumes differ significantly from our estimates, we generally seek to make up any shortfalls through new orders, either with existing or with new customers, which may or may not materialise and may adversely affect our results of operations.

Managing supply chain and operating expenses

Our profitability depends on our ability to manage our supply chain and operating costs.

We are dependent upon our suppliers' ability to meet quality specifications and delivery schedules. We also procure certain key components such as alloy steel forgings, stainless steel forgings, alloy steel bars, stainless steel bars, sg iron castings, seamless tubes, aluminium bars, castings and ingots, titanium bars, inconel bars, titanium plates, inconel plates, cobalt bars, bushes and bearings, from limited suppliers. The inability of a supplier to meet these requirements, the loss of a significant supplier, or work stoppages could have an adverse effect on our ability to meet our customers' delivery requirements. For example, there was a closure of our suppliers' factories due to Covid-19 induced restrictions and non-availability of man-power during the pandemic period.

Further, the cost of our key raw materials and commodity is susceptible to future volatility in commodity prices. Most of our contracts with customers are structured to pass-through market fluctuations in raw material prices based on the index. Other than the foregoing, our costs may be susceptible to fluctuation in commodity prices like aluminium, Inconel, Cobalt, and steel for products used in clean powertrain, aerospace & defence, hydraulics and industrial, agriculture and legacy businesses. We are constantly working on value addition and value engineering initiatives and procurement of components, which go into our products from local suppliers, in order to reduce costs and maintain our margins. We also are constantly working on localizing the imported material or bought out parts to reduce costs and maintain our margins.

In Fiscal Years 2019, 2020 and 2021 and the three month periods ended June 30, 2020 and June 30, 2021, our cost of materials consumed and changes in inventories of finished goods and work-in progress was ₹ 2756.02 million, ₹ 2764.00 million, ₹ 2073.16 million, ₹277.48 million and ₹ 585.04 million, respectively. As a percentage of total income, our cost of materials consumed and changes in inventories of finished goods and work-in progress was 48.04%,47.32%, 47.46%, 45.95% and 42.43% in Fiscal Years 2019, 2020 and 2021, and the three month periods ended June 30, 2020 and June 30, 2021, respectively.

Foreign exchange rate fluctuations

Our Company has a globally diversified revenue profile. The following table sets out our revenue from operations by geographical spread as per Ind AS 108, for the financial periods/ years indicated:

(in ₹ million, except percentages)

Geography	Three months period ended June 30, 2021		Three months period ended June 30, 2020		Fiscal 2021		Fiscal 2020		Fiscal 2019 (As adjusted)	
	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution	Revenue from Operations	% contribution
Revenue from Operations attributed to the Company's country of domicile										
India (A)	401.41	29.59%	147.84	26.49%	1,443.10	33.77%	1,598.63	28.01%	1,946.76	34.74%
Revenue from Operations attributed to group of foreign countries										
North America (B)	459.62	33.88%	161.14	28.87%	1,346.45	31.51%	1,390.08	24.35%	1,130.00	20.17%
Europe (C)	420.57	31.01%	216.84	38.85%	1,257.81	29.43%	2,246.08	39.35%	2,181.66	38.94%
Asia (other than India) (D)	74.90	5.52%	32.32	5.79%	226.27	5.29%	473.22	8.29%	344.63	6.15%
Revenue from Operations (E)=(A)+(B) +(C)+(D)	1,356.50	100.00%	558.14	100.00%	4,273.63	100.00%	5,708.01	100.00%	5,603.05	100.00%
Revenue from Operations attributed to a group of foreign countries (F)=(B)+(C)+(D)	955.09	70.41%	410.30	73.51%	2,830.53	66.23%	4,109.38	71.99%	3,656.29	65.26%

Accordingly, a large portion of our revenue and some part of expenses, are denominated in US$ and Euros. As a result of our substantial international operations, we are exposed to foreign currency risks that arise from our business transactions that are denominated in foreign currencies. We employ financial instruments, primarily forward contracts and also borrow working capital in foreign currency (as they have lower interest rates) to hedge certain of our foreign currency exchange risks relating to our business.

Since our reporting currency is Indian rupee, all foreign currency transactions including sales, purchases and expenses are translated into Indian rupees.

To mitigate foreign currency fluctuation risk, our Company currently hedges up to one third of its net foreign currency exposure on a rolling 12 months' basis through forward contracts and foreign currency borrowings. Due to its inherent net dollar long position, depreciation of the Indian rupee against these foreign currencies will generally have a positive effect on our reported revenues and operating income and appreciation of the Indian rupee against US$ will generally have a negative impact on our reported revenues and operating income.

Taxation, Tariff and Regulation

Our business and the industry in which we operate is subject to substantial government regulation, including tax laws in foreign jurisdictions in which we have a presence which may differ by state, region and country. Changes in tax laws and treaties or tax rates, the resolution of tax assessments or audits by various tax authorities could adversely affect our results of operations. These government regulatory changes may also support or impede the business of our customers and consequently impact our business. Any of these outcomes could affect our financial condition and results of operations. For example, there was a custom duty increase on the products which we supplied to one of our customers in Fiscal 2019, and we had to bear an additional cost of US$ 442,000.

Our overseas business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies, including renegotiated trade agreements and imposition of tariffs that make unjustified, unreasonable or discriminatory trade actions impacting the countries in which we have a presence. Our sales may also be impacted by changes in tariffs applicable on our products or on our customers' products containing content sourced from us.

Costs and Availability of Skilled Labour

We are dependent on highly trained engineers and other skilled labour. Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We have generally been successful in recruiting the talent we need in India.

However, many factors could make it more difficult, or more expensive, for us to recruit and retain the personnel we need, particularly as we grow our business. We believe that our ability to implement a compensation package which extends benefits on par with other similar organisations is a key factor in our ability to attract skilled labour and maintain employee morale.

Our employee benefits expense for Fiscal 2019, Fiscal 2020, Fiscal 2021, three months period ended June 30, 2020, and three months period ended June 30, 2021 were ₹1,003.76 million, ₹1,072,18 million, ₹898.91 million ₹215.43 million, and ₹286.31 million, respectively, which was 17.28%,17.65%,18.48%, 26.91% and 20.52% of our total expenses in such respective periods.

Impact of the Covid-19 pandemic

The COVID-19 pandemic has led to a significant downturn in the global economy and economic activities, which is adversely affecting, and is expected to continue to adversely affect the global economy in Fiscal 2022. Fiscal 2021 has seen slowdown in the global economy and the impact of COVID-19 cases in some countries has prompted authorities to re-impose lockdowns to contain the spread of the virus. India's GDP contracted by 7.3% in Fiscal 2021.

Shortly after the World Health Organization ("**WHO**") declared the outbreak of COVID-19 a global pandemic on March 11, 2020, the GoI implemented a nation-wide lockdown on March 23, 2020 (which was extended to May 31, 2020) and we temporarily suspended operations in all our manufacturing facilities in India in compliance with the lockdown instructions issued by GoI and state governments of Karnataka. Further, Due to Covid-19 pandemic, the Company's operations were slowed down or suspended, with an impact starting from the financial period ended June 30, 2020.

We experienced overall low demand during the lockdown, which resulted in fewer orders for our products, and although the nation-wide lockdown was lifted on June 1, 2020, production in our manufacturing facilities continued to be adversely affected due to the unavailability of some of our workforce, supply chain disruption and issues around timely availability and transportation of raw materials. This adversely affected our financial condition in Fiscal 2021.

On account of the COVID-19 pandemic, our business development team is confined to have virtual meetings with customers which are less effective as compared to physical meetings due to travel restrictions. Our business development team has been unable to travel to overseas for customer meetings since February 2020. On account of the same, new overseas customer acquisition becomes difficult, as the customer delegates are away from their office and are not reachable as per usual standards. In many cases, new customers prefer to visit our facilities and approve it before awarding new businesses, which is getting delayed due to pandemic. Due to COVID-19 few of the new programs of our customers have been postponed.

The Company's management has considered the possible effects that may result from the Covid-19 pandemic on the carrying value of assets including property, plant and equipment, inventories and receivables. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, has used internal and external sources of information to assess the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on the current estimates, the Company expects that the carrying amount of these assets are fully recoverable.

The Company's management has also estimated the future cash flows for the Company with the possible effects that may result from the Covid-19 pandemic and does not foresee any adverse impact in realising its assets and in meeting its liabilities as and when they fall due. The actual impact of the Covid-19 pandemic may be different from that estimated.

Key performance indicators and Certain Non-GAAP Measures

In evaluating our business, we consider and use certain non-GAAP financial measures and key performance indicators that are presented below as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures and key performance indicators are not intended to be considered in isolation or as a substitute for the Restated Summary Statements. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non- GAAP financial measures and key performance indicators have limitations as analytical tools. Further, these non-GAAP financial measures and key performance indicators may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these matrices should not be considered in isolation or construed as an alternative to Ind AS measures of financial performance or as an indicator of our financial condition, results of operations or cash flows.

For details of our Net Worth, Return on Net Worth, EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, Net Asset Value, Net Asset Value per Equity Share, PAT Margin, Adjusted PAT, Adjusted PAT Margin, ROCE, EBIT, Adjusted EBIT, Capital Employed, Tangible Net Worth, Adjusted ROCE, Adjusted Total Equity Adjusted Total Borrowings, Total Borrowings / Total Equity and Total Non-Current Borrowings / Total Equity, which are non-GAAP financial measures, for Fiscals 2019, 2020, 2021 and three months periods ending June 30, 2020 and June 30, 2021, please see page 361.

Basis of preparation of Restated Summary Statements and Significant Accounting Policies

The significant accounting policies adopted in the preparation of our Restated Summary Statements is set forth below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation of Restated Summary Statements

The Restated Summary Statements of the Company comprise of the Restated Summary Statement of Assets and Liabilities as at June 30, 2021, June 30, 2020, March, 2021, March 31, 2020 and March 31, 2019 (As Adjusted), the related Restated Summary Statements of Profit and Loss (including Other Comprehensive Income), the Restated Summary Statements of Changes in Equity and the Restated Summary Statements of Cash Flows for the periods/ years ended June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 (As Adjusted), and the Significant Accounting Policies and explanatory notes (collectively, the '**Restated Summary Statements'**). These have been prepared by us for the purpose of preparation of the Restated Financial Statements as required under the SEBI ICDR Regulations for the purpose of inclusion in this Draft Red Herring Prospectus in connection with the Offer, 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 from time to time; and
c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) (the "**Guidance Note**").

The Restated Summary Statements have been compiled from:

Audited Interim Financial Statements of the Company as at and for the three months period ended June 30, 2021, prepared in accordance with the Indian Accounting Standard 34 (Ind AS 34) 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 October 7, 2021;

Audited Interim Financial Statements of the Company as at and for the three months period ended June 30, 2020, prepared in accordance with the Ind AS 34 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 October 7, 2021;

Audited Financial Statements of the Company as at and for the year ended March 31, 2021, prepared in accordance with the Indian Accounting Standard (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 October 7, 2021;

The Financial Statements for the year ended March 31, 2021 are the first financial statements that the Company has prepared in accordance with Ind AS. The date of transition is April 1, 2019. The transition to Ind AS has been carried out from accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, which is considered as the previous GAAP, for purposes of Ind AS 101.

Audited Financial Statements of the Company as at and for the year ended March 31, 2020, which were prepared in accordance with accounting principles generally accepted in India ("**Indian GAAP**") as prescribed under Section 133 of the Act read with Companies (Accounts) Rules 2014 (as amended), which have been approved by the Board of Directors at their meeting held on July 28, 2020. The Company has adjusted financial information for the year ended March 31, 2020 included in such Indian GAAP financial statements, using recognition and measurement principles of Ind AS, and has included such adjusted financial information as comparative financial information in the financial statements for the year ended March 31, 2021 and has included the comparative financial information for the year ended March 31, 2020 in the Restated Summary Statements.

Audited Financial Statements of the Company as at and for the year ended March 31, 2019, which were prepared in accordance with Indian GAAP as prescribed under Section 133 of the Act read with Companies (Accounts) Rules 2014 (as amended), which have been approved by the Board of Directors at their meeting held on May 17, 2019. In accordance with the transition provision specified under Ind AS 101, the date of transition to Ind AS is April 1, 2019. In accordance with ICDR Regulations read with the Guidance Note, the Restated Summary Statements for the year ended March 31, 2019 have been prepared after incorporating Ind AS adjustments (both re-measurements and reclassifications) to be made in accounting heads from their Accounting Standards values as on the date of transition (i.e. April 1, 2019) following accounting policies (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS ('Proforma Ind AS Summary Statements', referred to as "As adjusted").

The difference between equity balance computed for the year ending March 31, 2019 (i.e. equity under Indian GAAP adjusted for impact of Ind AS 101 items and after considering profit or loss for the year ended March 31, 2019, with adjusted impact due to Ind-AS principles) and equity balance computed in opening Ind AS balance sheet as at transition date (i.e. April 01, 2019), prepared for filing under Companies Act, 2013 has been adjusted as a part of restated adjustments and carried forward to opening Ind AS Balance sheet as at transition date already adopted for reporting under Companies Act, 2013.

This note provides a list of the significant accounting policies adopted in the preparation of these Restated Summary Statements.

These policies have been consistently applied to all the years/ three months presented, unless otherwise stated.

These Restated Summary Statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective as at June 30, 2021.

The Restated Summary Statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS except for certain financial assets measured at fair value.

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest million up to two decimals, except when otherwise indicated.

Summary of significant accounting principles

The accounting policies set out below have been applied consistently to the periods presented in these Restated Summary Statements.

(a) Use of estimates and judgements

The preparation of Restated Summary Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the accounting policies, management makes various judgements, which have significant effect on the amount recognised in the Restated Summary Statements. The Company bases its estimates and assumptions on parameters available when the Restated Summary Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Property, plant and equipment

The Company has elected to continue with the carrying value of Property, Plant and Equipment as recognized in the previous GAAP financial statements as deemed cost at the transition date, viz, April 01, 2019.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Properties in course of construction for production, supply or administrative purposes are carried at cost, less recognised impairment losses. All the direct expenditures related to the implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned is accounted as Capital Work In Progress (CWIP) and such properties are classified as appropriate categories of Property, plant and equipment when completed and ready for the intended use.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as a part of inventories.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components of machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which takes substantial period of time to get ready for its intended use are also included to the extend they relate to the period till such assets are ready to be put in use.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

(d) Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line method as per the useful lives of assets estimated by management. The identified components, if any are depreciated over their useful life and the remaining assets are depreciated over the life of the principal asset.

The Company has estimated the following useful life:

Assets	Useful lives estimated by the management (in years)	Useful lives under Schedule II of the Act (in years)
Factory Buildings	30	30
Other Buildings	30	60
Plant and equipment	5 – 20	25
Office equipment	5	5
Furniture and fixture	10	10
Computer Hardware	3	3-6
Vehicles	8	8

The Company, based on technical assessment of usage patterns made by the technical experts, believes that the useful lives as mentioned above best represents the period over which management expects to use these assets.

The Company uses the plant and machinery for three shifts. Hence the Company has charged additional depreciation of 100% of the original depreciation rate.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(e) Non-current assets held for Sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

(f) Intangible assets

The Company has elected to continue with the carrying value of Intangible assets as recognized in the Previous GAAP financial statements as deemed cost at the transition date, viz, April 01, 2019.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Subsequent costs related to Intangible assets are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Intangible assets are amortized over the useful economic life estimated by the management and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. The amortization expense on intangible assets is recognized in the statement of profit and loss.

Computer Software is amortized over a period of 3 years or the useful life whichever is lower, on a straight-line basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ('CGU') net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For all non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(h) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds including interest expense calculated using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(i) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective right-of-use asset if the recognition criteria for a provision are met.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low- value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(j) Inventories

Inventories are valued at lower of cost and net realisable value. Cost of inventories is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Materials 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.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and components: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

- Work-in-progress: Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

- Finished goods: Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

(k) Revenue Recognition

Revenue from operations is recognised when control of the goods or services are transferred (performance obligation) to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Goods and Service Tax ('GST') is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in its revenue arrangements since it is the primary obligor in the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on dispatch of the goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Sale of services

Revenue from rendering of services is recognised over the period on accrual basis as per the terms of agreement entered into with the customers. Revenue earned in excess of billings are classified as unbilled revenue under 'Other financial assets' and billings in excess of revenue are classified as unearned revenue under 'Other non-financial liabilities'.

<u>Warranty obligations</u>

The Company provides warranties for general repairs of defects during the warranty period. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

<u>Export incentive entitlement</u>

Export incentive entitlements including duty drawbacks and duty credit scrips are recognised when there is a reasonable assurance that the Company has complied with the conditions attached to them and it is reasonably certain that the ultimate realisation will be made. These are recognized in the period in which the right to receive the same is established, i.e., the year during which the exports eligible for incentives are made.

Contract balances

<u>Contract assets</u>

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment.

<u>Trade receivables</u>

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

<u>Contract liabilities</u>

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

(l) Other income

<u>Interest income</u>

Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

(m) Foreign currencies

<u>Functional and presentation currency</u>

Items included in the restated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The restated financial statements are presented in Indian Rupee (INR), which is the Company’s functional and presentation currency.

<u>Foreign currency transactions and balances</u>

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(iii) Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income or as expenses in the period in which they arise.

(n) Employee benefits

(i) Defined contribution scheme

Retirement benefit in the form of provident is a defined contribution scheme. The Company has no obligation, other than the monthly contribution payable under the schemes. The Company recognizes contribution payable under the schemes as an expense, when an employee renders the related service. If the contribution payable under the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

(ii) Defined benefit obligation

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Further, as required under Ind AS Sch III, the Company transfers those amounts recognized in other comprehensive income to retained earnings

Past service costs are recognised in profit or loss on the earlier of:

a. The date of the plan amendment or curtailment, and

b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b. Net interest expense.

(iii) Other employee benefits - Accumulated leave

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company presents the entire leave liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(o) Taxes on Income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred tax are recognized in the statement of profit and 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 in equity, respectively.

(i) Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

(ii) Deferred income tax

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets include Minimum Alternate Tax (MAT) credit paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT credit is recognized as deferred tax asset in the Balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

<u>Initial recognition and measurement</u>

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed under Revenue recognition policy.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments)
- Financial assets at fair value through OCI (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(ii) Financial Liabilities and equity instruments

<u>Initial recognition and measurement</u>

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, employee dues and interest accrued on borrowings, other interest payable.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs

<u>Subsequent measurement</u>

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities at amortized cost

Financial liabilities are subsequently carried at amortized cost using the effective interest ('EIR') method. Interest-bearing loans and borrowings are subsequently measured at amortized cost using EIR method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent.

(iv) Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

(v) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

(q) Fair value of financial instruments

The Company measures financial instruments at fair value at each balance sheet date using valuation techniques. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the restated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the restated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(r) Compulsory convertible preference shares

Compulsory convertible preference shares ('CCPS') issued by the Company has been designated upon initial recognition as a financial liability measured at fair value through profit or loss. CCPS is initially recognised at fair value (issue price) and subsequent to initial recognition, such CCPS is fair valued through the statement of profit or loss. On modification of CCPS from liability to equity, the CCPS is recorded at the fair value of CCPS classified as equity and the difference in fair value is recorded as a gain/ loss on modification in the statement of profit or loss.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM'). The Company identifies reportable segments based on the dominant source, nature of risks and return and the internal organization and management structure for which discrete financial information is available.

(t) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

(u) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

(v) Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold. Provision is based on historical experience. The estimate of such warranty-related costs is reviewed annually.

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the restated financial statements.

(x) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and on hand and short-term investments with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company’s cash management.

(y) Dividend

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(z) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

Government grants relating to the purchase of property, plant and equipment are deducted while calculating the carrying amount of the asset resulting in reduced depreciation over the life of property, plant and equipment.

Significant accounting judgements, estimates and assumptions

The preparation of the Company’s restated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company’s accounting policies, management makes judgement, estimates and assumptions which have the most significant effect on the amounts recognized in the restated financial statements.

The key judgement, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The

Company based its judgements and assumptions and estimates on parameters available when the restated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue recognition:

Revenue recognition requires significant estimates and judgment in determining when control of the goods or services underlying the performance obligation are transferred to the customer and also in the allocation of transaction price to various performance obligations under a contract. These estimates and judgement significantly affect the measurement and recognition of revenue.

Inventory valuation:

The inventory is valued at the lower of the cost and net realisable value ("NRV"). The determination of the NRV involves estimates based on prevailing market conditions and taking into account the estimated future selling price and selling costs and involves significant estimates and judgement in the assessment. These estimates and judgement significantly affect the determination of the value of inventories.

Provision for expected credit losses ('ECL') of trade receivables

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customers that have similar loss patterns and involves significant estimates and judgement in the assessment. These estimates and judgement significantly affect the valuation of trade receivables and unbilled revenue.

Impairment of assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which involves significant involvement of estimates and judgement.

Defined retirement benefit plans and other long-term employee benefits:

The cost of the defined benefit plans and other long-term employee benefits and the present value of the obligation thereon are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, obligation amount is highly sensitive to changes in these assumptions. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates and expected salary increase thereon.

Useful life and residual value of plant, property equipment and intangible assets:

The useful life and residual value of plant, property equipment and intangible assets are determined based on evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations the useful life and residual value are sensitive to the actual usage in future period.

Provision for litigations and contingencies:

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

Provision for warranty:

The provision for warranty is determined based on evaluation made by the management of the past experience of the level of repairs and returns, which involves judgements in estimating the expected warranty claims on products sold. Hence, the provisions are sensitive to the actual outcome in future periods.

Classification of CCPS

Our Company has issued CCPS Series A for an aggregate consideration of ₹240 million and CCPS Series B for an aggregate consideration of ₹250 million. For further details in relation to such issuance, please see "*Capital Structure*" on page 75. On account of the terms of the issuance, CCPS Series A and Series B have been classified as borrowings with fair value changes through profit and loss statement under Ind AS.

Our Company has valued the CCPS through a registered valuer on each balance sheet date and all the fair value increases have been shown under '*Other Expenses*' of the profit and loss statement in the Restated Summary Statements for each of the applicable Fiscal period. The company has classified the CCPS under borrowings in the balance sheet in the Restated Summary Statements for each of the applicable periods.

In compliance with the SEBI ICDR Regulations, the CCPS would compulsorily be converted before filing the Red Herring Prospectus with RoC and would consequently be classified as equity (instead of borrowings) in the balance sheet on conversion.

For details of our Adjusted EBITDA, Adjusted PAT, Adjusted Total Equity, Adjusted Total Borrowings, please see "Other Financial Information" on page 361.

Principal Components of Statement of Profit and Loss

Income

Our total income comprises revenue from operations and other income.

<u>*Revenue from operations*</u>

Our revenue from operations is generated from sale of goods, sale of services, scrap sales, and export incentive benefit.

Sale of Goods

We generate revenue from the sale of products which goes into automotive, industrial, hydraulics, off-road, agricultural, engineering and aerospace applications. We produce a wide range of precision forged and machined products and assemblies. These products are critical for engine, transmission, suspension, brakings, exhaust, chassis and other systems of automotive and industrial application products and for aerospace engine, aerospace systems and aero structures.

Sale of Services

Our revenue from sale of services primarily includes revenues from amenity charges we receive from customers for their use of our premises.

Scrap Sales

Our revenue from scrap sales includes from sale of items such as product scrap, forging scrap, boring scrap, end bits, lubricants, waste packing materials, used consumables, inserts, and items not fit to be used in equipment.

Export incentive entitlement

Export incentive entitlement consists of various incentives available for the export of goods under applicable schemes.

Other income

Our other income primarily consists of certain recurring items such as interest income from bank and other deposits, interest income from other financial assets measured at amortised cost, fair value gain on financial instruments at fair value through profit or loss on investments and on mark to market of derivative contracts other than CCPS, net gain on foreign exchange differences and certain non- recurring items, such as net profit on sale of property, plant and equipment, liabilities and provisions no longer required which have been written back, provisions for expected loss allowance written back and provisions for warranties reversed.

Expenses

Our total expenses include the below mentioned expenses.

Cost of materials consumed

We define cost of materials as the sum of cost of material consumed, change in inventories of finished goods and work in progress, and stores, spares and tools consumed.

Cost of material consumed primarily consists of the cost of raw materials that we consume in the manufacture of our products (our primary raw materials are alloy steel round bars and non-ferrous alloys, such as aluminum, Inconel and titanium); and the cost of assembled components, such as bearings, bushes, screws, pins, bolts and sintered tips. Our cost of material consumed also includes costs of carriage inwards.

Change in inventories of finished goods and work in progress indicates the difference between our opening and closing inventory of finished goods and work-in-progress.

Stores, spares and tools consumed primarily consists of costs of cutting tools, stores consumables, maintenance spares, consumable oils, packing material, fixtures and gauges.

Employee Benefits Expense

Our employee benefits expense comprise employee salaries, wages and bonus, gratuity expenses, contribution to provident and other funds, staff welfare expenses.

Depreciation and Amortization Expense

Depreciation and amortisation expense consists of depreciation of tangible assets, including our building, plant and machinery, furniture and fixtures, office equipment, computer hardware and vehicles, amortisation of intangible assets and depreciation on right of use of asset.

Finance Costs

Finance costs primarily consist of (i) interest cost on borrowings from (a) banks and (b) others, (ii) other borrowing cost and (iii) interest and finance charges on lease liabilities.

Other Expenses

Other expenses primarily comprise contract labour charges, job processing charges, power, fuel and water charges, carriage outwards, legal and professional charges, insurance, warehouse handling charges, rates and taxes, CSR contribution, repairs and maintenance and loss on fair valuation of CCPS.

Tax Expense

Tax expenses primarily comprise current and deferred taxes.

Profit for the Year

Profit for the year represents profit after tax.

Results of Operations

The following table sets forth select financial data from our restated statement of profit and loss for Fiscals 2021, 2020 and 2019, the three months period ended June 30, 2020, and the three months period ended June 30, 2021, the components of which are also expressed as a percentage of total income for such periods/years:

(in ₹ million, except percentages)

Particulars	Fiscal 2019 (As adjusted)		Fiscal 2020		Fiscal 2021		Three months period ended June 30, 2020		Three months period ended June 30, 2021	
Income										
Revenue from operations	5,603.05	97.66%	5,708.01	97.72%	4,273.63	97.84%	558.14	92.43%	1,356.50	98.38%
Other income	134.27	2.34%	133.19	2.28%	94.41	2.16%	45.69	7.57%	22.29	1.62%
Total income (I)	**5,737.32**	**100.00%**	**5,841.20**	**100.00%**	**4,368.04**	**100.00%**	**603.83**	**100.00%**	**1,378.79**	**100.00%**
Expenses										
Cost of materials consumed	2,995.14	52.20%	2,797.95	47.90%	2,194.14	50.23%	243.81	40.38%	735.54	53.35%
Changes in inventories of finished goods and work-in-progress	(239.12)	(4.17)%	(33.95)	(0.58)%	(120.98)	(2.77)%	33.67	5.58%	(150.50)	(10.92)%
Employee benefits expense	1,003.76	17.50%	1,072.18	18.36%	898.91	20.58%	215.43	35.68%	286.31	20.77%
Depreciation and amortisation expense	289.52	5.05%	393.16	6.73%	415.73	9.52%	103.80	17.19%	104.82	7.60%
Finance costs	206.78	3.60%	237.30	4.06%	211.79	4.85%	54.43	9.01%	52.65	3.82%
Other expenses	1,551.80	27.05%	1,609.65	27.56%	1,265.57	28.97%	149.56	24.77%	366.37	26.57%
Total expenses (II)	**5,807.88**	**101.23%**	**6,076.29**	**104.02%**	**4,865.16**	**111.38%**	**800.70**	**132.60%**	**1,395.19**	**101.19%**
Restated profit / (loss) before tax (III) = (I) - (II)	**(70.56)**	**(1.23)%**	**(235.09)**	**(4.02)%**	**(497.12)**	**(11.38)%**	**(196.87)**	**(32.60)%**	**(16.40)**	**(1.19)%**
Tax expense										
Current tax	72.46	1.26%	40.19	0.69%	23.07	0.53%	-	0.00%	0.05	0.00%
Deferred tax charge/ (credit)	40.55	0.71%	(48.81)	(0.84)%	(51.38)	(1.18)%	(46.94)	(7.77)%	11.28	0.82%
Total tax expense (IV)	**113.01**	**1.97%**	**(8.62)**	**(0.15)%**	**(28.31)**	**(0.65)%**	**(46.94)**	**(7.77)%**	**11.33**	**0.82%**
Profit after Tax (V) = (III) - (IV)	**(183.57)**	**(3.20)%**	**(226.47)**	**(3.88)%**	**(468.81)**	**(10.73)%**	**(149.93)**	**(24.83)%**	**(27.73)**	**(2.01)%**
Other comprehensive income										
Re-measurement gains / (losses) on defined benefit plans	(16.65)	(0.29)%	(11.45)	(0.20)%	(15.58)	(0.36)%	(33.17)	(5.49)%	10.55	0.76%
Income tax effect on above	5.82	0.10%	2.88	0.05%	3.92	0.09%	8.35	1.38%	(2.66)	(0.19)%
Restated Total Other Comprehensive income/ (loss) for the period / year, (net of tax) (VI)	**(10.83)**	**(0.19)%**	**(8.57)**	**(0.15)%**	**(11.66)**	**(0.27)%**	**(24.82)**	**(4.11)%**	**7.89**	**0.57%**
Restated Total Comprehensive income for the period/ year, (net of tax) (VII) = (V) + (VI)	**(194.40)**	**(3.39)%**	**(235.04)**	**(4.02)%**	**(480.47)**	**(11.00)%**	**(174.75)**	**(28.94)%**	**(19.84)**	**(1.44)%**

Fiscal 2021 Compared to Fiscal 2020

Income

Our total income decreased by 25.22% to ₹4,368.04 million for Fiscal 2021 from ₹5,841.20 million for Fiscal 2020. The primary reasons for decrease in total income is due to decrease in revenue of operations and other income which are covered separately in sections below:

Revenue from operations

Our revenue from operations decreased by 25.13% to ₹4,273.63 million for Fiscal 2021 from ₹5,708.01 million for Fiscal 2020. The decrease was primarily due to decrease in sales of goods, sales of services, scrap sales and exports incentive entitlement, which are discussed below:

Sale of Goods

Our revenue from sale of goods decreased by 7.65% to ₹3,686.96 million for Fiscal 2021 from ₹3,992.45 million for Fiscal 2020, for our goods towards automotive and industrial business, and by 70.76% to ₹423.31 million for Fiscal 2021 from ₹1,447.53 million for Fiscal 2020 for our goods towards the aerospace business. The primary reason was the adverse impact of the Covid-19 pandemic leading to lockdown across various countries resulting in shutdown of ours as well as our customers' facilities and a slowdown in demand for our products. Sale of goods in automotive and industrial business had recovered to pre-covid-19 levels by September 2020.

Scrap Sales

Our revenue from scrap sales decreased by 4.71% to ₹55.29 million for Fiscal 2021 from ₹58.02 million for Fiscal 2020. The decrease is primarily due to decrease in the usage of raw materials.

Export Incentive Entitlement

Our revenue from export incentive entitlement decreased by 45.19% to ₹93.19 million for Fiscal 2021 from ₹170.03 million for Fiscal 2020. This decrease is primarily due to decrease in the sales of goods exported.

Other income

Our other income decreased by 29.12% to ₹94.41 million for Fiscal 2021 from ₹133.19 million for Fiscal 2020. The decrease in other income was primarily due to differences in income realisation from foreign exchange rates between the two periods.

Expenses

Our total expenses decreased by 19.93% to ₹4,865.16 million for Fiscal 2021 from ₹6,076.29 million for Fiscal 2020. Details of the expenses are discussed below:

Cost of materials consumed

Our cost of raw materials and components consumed and changes in inventories of finished goods and work-in-progress decreased by 24.99% to ₹2,073.16 million for Fiscal 2021 from ₹2,764.00 million for Fiscal 2020. This was is in line with the decrease in our revenue from operations in the same period.

Employee Benefits Expense

Our employee benefits expense decreased by 16.16% to ₹898.91 million for Fiscal 2021 from ₹1,072.18 million for Fiscal 2020. During Fiscal 2021, there was no annual increments done for salaries to staff. Further, for staff, salaries were reduced for a period of nine months in response to the Covid-19 pandemic and related lockdowns. For unionized workmen, salaries were reduced for a period of six months which were to be paid post recovery from Covid-19 induced losses. Further, our total employee headcount decreased from 2,274 as on March 31, 2020 to 1,960 as on August 31, 2020 due to the Covid-19 induced lockdown and economic slow-down which was restored to 2,294 as on December 31, 2020, and 2,486 as on March 31, 2021, once the sale of goods and services restored to the pre-Covid 19 levels.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 5.74% to ₹415.73 million for Fiscal 2021 from ₹393.16 million for Fiscal 2020. This was primarily due to an increase in the capital expenditure incurred towards purchase of machinery and equipments.

Finance Costs

Our finance costs decreased by 10.75% to ₹211.79 million for Fiscal 2021 from ₹237.30 million for Fiscal 2020. This decrease was primarily due to a decrease in interest expense on financial liabilities, at amortised cost. Our Company has availed the ECLG loan of ₹382.5 million at lower interest rates and to repay the term loans which were at higher interest rates.

Other Expenses

Our other expenses decreased by 21.38% to ₹1,265.57 million for Fiscal 2021 from ₹1,609.65 million for Fiscal 2020. The decrease in expenses is primarily due to reduction in contract labour charges, job processing charges, power, fuel and water charges, repairs & maintenance charges, legal and professional fees, travel and conveyance charges and loss on fair value of CCPS.

Reduction in contract labour charges, job processing charges, repairs and maintenance charges and power, fuel and water charges is in line with decreased production and sale of goods and services in Fiscal 2021 in comparison to Fiscal 2020.

These reductions were partially offset by the increase in the carriage outwards expenses. Our carriage outwards expenses increased to ₹182.68 million in Fiscal 2021 from ₹122.16 million in Fiscal 2020. The increase was due to the ongoing shipping crisis across the globe as container shortages and port congestion have increased the freight cost and longer routes were used to deliver the goods in time to our customers.

Our other expenses include fair value changes in CCPS. For further details, please see "*Classification of CCPS*" on page 392.

Tax Expense

Our tax expense decreased by 228.42% to ₹(28.31) million for Fiscal 2021 from ₹(8.62) million for Fiscal 2020. Our current tax for Fiscal 2021 was ₹23.07 million. We had a deferred tax credit of ₹51.38 million in Fiscal 2021 compared to deferred tax credit of ₹48.81 million in Fiscal 2020.

With effect from April 1, 2019, Section 115BAA was added to the Income Tax Act, 1961; this new section prescribed the concessional tax rates of 22% (with 10% of surcharge and 4% of cess) as against the erstwhile rates of 30% (with 12% of surcharge and 4% of cess).

Restated profit / loss for the year

As a result of the foregoing factors, our restated loss for the year increased. Our restated loss for the year increased by 107.01% to ₹468.81 million for Fiscal 2021 from a loss of ₹226.47 million for Fiscal 2020.

Fiscal 2020 Compared to Fiscal 2019

Income

Our total income increased by 1.81% to ₹5,841.20 million for Fiscal 2020 from ₹5,737.32 million for Fiscal 2019. Primary reasons for increase in total income is due to increase in revenue of operations which is discussed below:

Revenue from operations

Our revenue from operations increased by 1.87% to ₹5,708.01 million for Fiscal 2020 from ₹5,603.05 million for Fiscal 2019. The increase in revenue from operations was primarily due to increase in sales of goods from the aerospace business, sales of services and export incentive entitlement partly offset by the decrease in sales of goods from automotive and industrial business which are discussed below.

Sale of Goods

Our revenue from the sale of goods for aerospace business increased by 30.53% to ₹1,447.53 million in Fiscal 2020 from ₹1,109.00 million in Fiscal 2019. The increase was despite the lower sale of goods during January 1, 2020 to March 31, 2020 period due to two major factors: (i) the shutdown of factories of certain customers due to aircraft related issues, and (ii) global lockdowns and shutdown of factories in February 2020 and March 2020 due to the Covid-19 pandemic. Sales of goods for automotive and industrial business decreased by 6.11% to ₹3,992.45 million in Fiscal 2020 from ₹4,252.06 million in Fiscal 2019. This was primarily due to slowdown in the automotive and industrial business and global lockdown and shutdown of factories in March 2020 due to the Covid-19 pandemic.

Export Incentive Entitlement

Export incentive entitlement increased by 9.65% to ₹170.03 million in Fiscal 2020 from ₹155.07 million in Fiscal 2019. This was primarily due to increase in the goods exported.

Scrap Sales

Scrap sales marginally decreased by 2.11% from ₹58.02 million in Fiscal 2020 from ₹59.27 million in Fiscal 2019.

Other income

Our other income decreased marginally by 0.80% to ₹133.19 million for Fiscal 2020 from ₹134.27 million for Fiscal 2019.

Expenses

Our total expenses increased by 4.62% to ₹6,076.29 million for Fiscal 2020 from ₹5,807.88 million for Fiscal 2019, on account of the factors discussed below.

Cost of materials consumed

Our cost of raw materials and components consumed and changes in inventories of finished goods and work-in-progress increased by 0.29% to ₹2,764.00 million for Fiscal 2020 from ₹2,756.02 million for Fiscal 2019. The percentage increase in cost of raw material was in line with percentage increase in our revenue from operations.

Employee Benefits Expense

Our employee benefits expense increased by 6.82% to ₹1,072.18 million for Fiscal 2020 from ₹1,003.76 million for Fiscal 2019. The increase was primarily due to the annual increments provided to the staff and workmen and increase in headcount in both automotive and industrial, and aerospace business. The requirement of increased employee headcount was in anticipation of the increased demand in the automotive and industrial business and aerospace business.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 35.80% to ₹393.16 million for Fiscal 2020 from ₹289.52 million for Fiscal 2019. This was primarily due to an increase in the capital expenditure incurred towards purchase of machinery and equipment.

Finance Costs

Our finance costs increased by 14.76% to ₹237.30 million for Fiscal 2020 from ₹206.78 million for Fiscal 2019, primarily due to increase in borrowings to fund capital expenditure and increased working capital requirements.

Other Expenses

Our other expenses increased by 3.73% to ₹1,609.65 million for Fiscal 2020 from ₹1,551.80 million for Fiscal 2019. The increase in other expenditure was in line with the revenue increase. From Fiscal 2019 to Fiscal 2020, revenue from operations and other expenses increased by 1.87% and 3.73%. The increase in other expenditure in comparison to revenue from operations pertains to the lockdown and shutdown of factories and reduced demand in aerospace due to grounding of Boeing 737 Max related issues between January 1, 2020 to March 31, 2020.

Other expenses include fair value changes in CCPS. For further details, please see "*Classification of CCPS*" on page 392.

Tax Expense

Our tax expenses decreased by 107.63% to ₹(8.62) million for Fiscal 2020 from ₹113.01 million for Fiscal 2019. Our current tax decreased by 44.53% to ₹40.19 million in Fiscal 2020 from ₹72.46 million in Fiscal 2019. The deferred tax was decreased by 220.37% to a credit of ₹48.81 million in Fiscal 2020 from the ₹40.55 million of deferred tax charge in Fiscal 2019.

Restated profit / loss for the year

As a result of the foregoing factors, our restated loss for the year increased. Our restated loss for the year increased by 23.37% to ₹226.47 million for Fiscal 2020 from ₹183.57 million for Fiscal 2019.

Three months period ended June 30, 2021 compared to the three months period ended June 30, 2020

Income

Our total income increased by 128.34% to ₹1,378.80 million for the three months period ended June 30, 2021, from ₹603.83 million for the three months period ended June 30, 2020. This was on account of the factors discussed below.

Revenue from operations

Our revenue from operations increased by 143.04% to ₹1,356.50 million for the three months period ended June 30, 2021 from ₹558.14 million for the three months period ended June 30, 2020. The increase in revenue from operations was primarily due to increase in sales of goods from all the businesses, sales of services, export incentive entitlement and scrap sales which are discussed below:

Sale of Goods

Our revenue from sale of goods for automotive and industrial business increased by 174.31% to ₹1,170.28 million in the three months ended June 30, 2021 from ₹426.62 million in the three months ended June 30, 2020. Sales of goods for automotive and industrial business recovered after the lockdown induced slowdown in the comparable three months ended June 30, 2020. Sales of goods for aerospace business increased by 31.92% to ₹138.89 million in the three months ended June 30, 2021 from ₹105.28 million in the three months ended June 30, 2020. The increase was primarily due to recovery in the aerospace sector post the COVID-19 induced slowdown in the three months period ended June 30, 2020.

Export Incentive Entitlement

Export incentive entitlement increased by 23.04% to ₹20.45 million in the three months ended June 30, 2021 from ₹16.62 million in the three months ended June 30, 2020. This was primarily due to the increase in the sales of goods which the company had exported.

Scrap Sales

Scrap sales has increased by 329.05% to ₹21.71 million in the three months ended June 30, 2021 from ₹5.06 million in the three months ended June 30, 2020. The primary reason for the increase is the increase in the consumption of raw material reflecting the increased sale of goods.

Other income

Our other income decreased by 51.21% to ₹22.29 million for the three months period ended June 30, 2021 from ₹45.69 million for the three months period ended June 30, 2020. The decrease in other income was primarily due to differences in income realisation from foreign exchange rates between the two periods.

Expenses

Our total expenses increased by 74.25% to ₹1,395.19 million for the three months period ended June 30, 2021 from ₹800.70 million for the three months period ended June 30, 2020. This was on account of the factors discussed below:

Cost of materials consumed

Our cost of raw materials and components consumed and changes in inventories of finished goods and work-in-progress increased by 110.84% to ₹585.04 million for the three months period ended June 30, 2021 from ₹277.48 million for the three months period ended June 30, 2020. The primary reason for the increase is the increase in sales of goods and services during the same periods and the product mix between and within automotive and industrial business and aerospace business.

Employee Benefits Expense

Our employee benefits expense increased by 32.90% to ₹286.31 million for the three months period ended June 30, 2021 from ₹215.43 million for the three months period ended June 30, 2020. The increase pertains to increase in employee headcount from 2,135 as on June 30, 2020 to 2,493as on June 30, 2021 to meet the increase in sale of goods and services. Further, there were salary cuts to staff and workmen in the first three months of Fiscal 2020 which was reversed in the three months period ending June 2021.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 0.98% to ₹104.82 million for the three months period ended June 30, 2021 from ₹103.80 million for the three months period ended June 30, 2020. This was primarily due to an increase in the capital expenditure incurred towards purchase of machinery and equipments.

Finance Costs

Our finance costs decreased by 3.27% to ₹52.65 million for the three months period ended June 30, 2021 from ₹54.43 million for the three months period ended June 30, 2020. This was primarily due to a decrease in interest expense on financial liabilities, at amortised cost.

Other Expenses

Our other expenses increased by 144.97% to ₹366.37 million for the three months period ended June 30, 2021 from ₹149.56 million for the three months period ended June 30, 2020. The increase was in line with the increase in the revenue from operations. There was an additional increase in the carriage outwards which has increased by 432.90% to ₹61.23 million in the three months ended June 2021 from ₹11.49 million in the three months ended June 2020. This was due to the rate increase in the shipping industry because of ongoing shipping crisis and longer routes taken to deliver the goods in time to our customers.

Other expenses include fair value changes in CCPS. For further details, please see "*Classification of CCPS*" on page 392.

Tax Expense

Our tax expenses increased by 124.14% to ₹11.33 million for the three months period ended June 30, 2021 from ₹(46.94) million for the three months period ended June 30, 2020. Our current tax increased to ₹0.05 million in the three months ended June 2021 from nil in the three months ended June 2020. Our deferred tax increased to ₹11.28 million in the three months ended June 2021 from the credit of deferred tax of ₹46.94 million in the three months ended June 2020.

Restated profit / loss for the period

As a result of the foregoing factors, our restated loss for the period decreased. Our restated loss for the period decreased by 81.50% to ₹(27.73) million for the three months period ended June 30, 2021 from ₹(149.93) million for the three months period ended June 30, 2020.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital needs for our operations. We have met these requirements through cash flows from operations, equity infusions from shareholders and borrowings. As June 30, 2021, we had ₹59.22million in cash and cash equivalents, ₹1.97 million as other bank balances, ₹2,083.60 million in current borrowings. As of June 30, 2021, we had ₹3315.90 million in non-current borrowings. We believe that, after taking into account the expected cash to be generated from operations, our borrowings and the proceeds from the Offer, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for 12 months following the date of this Draft Red Herring Prospectus.

In Fiscal Years 2019, 2020 and 2021, and the three months period ended June 30, 2021, our total liabilities amounted to ₹6,229.99 million, ₹6,560.12 million, ₹6917.97 million and ₹7131.27 million, respectively.

There has been no incident of default of loans by the Company in the Fiscal Years 2019, 2020 and 2021, and three months period ended June 30, 2021. However, the company has opted for the moratorium scheme introduced by RBI to offset liquidity issues of industries post COVID-19 induced lockdown. Our Company has availed a moratorium on principal repayments of ₹125.25 million and interest payments of ₹11.76 million

In order to mitigate the impact of the COVID-19 pandemic on our operations, we have proactively taken various steps such as reducing some of our administrative, employee expenses and other fixed expenses and arranging for additional liquidity through working capital loans to manage our expenses and liquidity. We have also taken ₹382.5 million of loan under the ECLGS which was used to repay the higher interest rates loans and boost liquidity.

Cash Flows

The table below summarizes the statement of cash flows, for the periods indicated:

(In ₹ million)

	Fiscal				
	For the year ended March 31, 2019 (As adjusted)	**For the year ended March 31, 2020**	**For the year ended March 31, 2021**	**For the three months period ended June 30, 2020**	**For the three months period ended June 30, 2021**
Net cash flows from/(used in) operating activities	299.00	650.50	105.15	240.64	9.21
Net cash flows from / (used in) investing activities	(1193.02)	(474.12)	(72.99)	0.02	(28.12)
Net cash flows from/(used in)/ financing activities	978.46	(235.17)	(45.00)	(277.39)	40.17
Cash and cash equivalents at end of three months period/year end	106.84	50.04	37.04	13.76	59.22

<u>*Net cash flows from / (used in) operating activities*</u>

Three months period ended June 30, 2021

Net cash flow from our operating activities was ₹9.21 million for the three months period ended June 30, 2021. Our loss before tax was ₹16.40 million, which was adjusted for non-cash adjustments to reconcile (loss)/profit before tax to net cash flows for a net amount of ₹201.09 million. This resulted in an operating profit before working capital changes of ₹184.69 million. The changes to operating cash flows included (i) an increase in inventory of ₹181.71 million, (ii) a decrease in trade receivables of ₹48.87 million, (iii) an increase in trade payables, other financial liabilities, other liabilities and provisions of ₹61.28 million, and (iv) an increase in loans, financial assets and other assets of ₹103.36 million.

Three months Period Ended June 30, 2020

Net cash flow from our operating activities was ₹240.64 million for the three months period ended June 30, 2020. Our loss before tax was ₹196.87 million, which was adjusted for non-cash adjustments to reconcile (loss)/profit before tax to net cash flows in a net amount of ₹191.79 million. This resulted in an operating loss before working capital changes of ₹5.08 million. The changes to operating cash flows included (i) a decrease in inventory of ₹47.65 million, (ii) a decrease in trade receivables of ₹405.95 million, (iii) a decrease in trade payables, other financial liabilities, other liabilities and provisions of ₹237.64 million and (iv) a decrease in loans, financial assets and other assets of ₹29.83 million.

Fiscal 2021

Net cash flow from our operating activities was ₹105.15 million for Fiscal 2021. Our loss before tax was ₹497.12 million, which was adjusted for non-cash adjustments to reconcile (loss)/profit before tax to net cash flows for a net amount of ₹922.03 million. This resulted in an operating profit before working capital changes of ₹424.91 million. The changes to operating cash flows included (i) an increase in inventory of ₹177.76 million, (ii) a decrease in trade receivables of ₹1.65 million, (iii) a decrease in trade payables, other financial liabilities, other liabilities and provisions of ₹60.98 million and (iv) an increase in loans, financial assets and other assets of ₹81.38 million.

Fiscal 2020

Net cash flow from our operating activities was ₹650.50 million for Fiscal 2020. Our loss before tax was ₹235.09 million, which was adjusted for non-cash adjustments to reconcile (loss)/profit before tax to net cash flows for a net amount of ₹1,036.39 million. This resulted in an operating profit before working capital changes of ₹801.30 million. The changes to operating cash flows included (i) an increase in inventory of ₹124.66 million, (ii) an increase in trade receivables of ₹0.24 million, (iii) a decrease in trade payables, other financial liabilities, other liabilities and provisions of ₹69.92 million and (iv) a decrease in loans, financial assets and other assets of ₹ 106.29 million.

Fiscal 2019

Net cash flow from our operating activities was ₹299.00 million for Fiscal 2020. Our loss before tax was ₹70.56 million, which was adjusted for non-cash adjustments to reconcile (loss)/profit before tax to net cash flows for a net amount of ₹883.19 million. This resulted in an operating profit before working capital changes of ₹812.63 million. The changes to operating cash flows included (i) an increase in inventory of ₹405.11 million, (ii) an increase in trade receivables of ₹107.05 million, (iii) an increase in trade payables, other financial liabilities, other liabilities and provisions of ₹52.68 million and (iv) a decrease in loans, financial assets and other assets of ₹35.39 million.

Net cash flows from / (used in) investing activities

Three months period Ended June 30, 2021

Net cash flow used in investing activities was ₹28.12 million during the three months period ended June 30, 2021. This was primarily due to ₹28.20 million used for the purchase of property, plant and equipment and intangible assets (including capital work in progress and intangible assets under development).

Three months period Ended June 30, 2020

Net cash flow from investing activities was ₹0.02 million during the three months period ended June 30, 2021.

Fiscal 2021

Net cash flow used in investing activities was ₹72.99 million during Fiscal 2021. This was primarily due to ₹71.45 million used for the purchase of property, plant and equipment and intangible assets (including capital work in progress and intangible assets under development).

Fiscal 2020

Net cash flow used in investing activities was ₹474.12 million during Fiscal 2020. This was primarily due to ₹476.35 million used for the purchase of property, plant and equipment and intangible assets (including capital work in progress and intangible assets under development).

Fiscal 2019

Net cash flow used in investing activities was ₹1193.02 million during Fiscal 2019. This was primarily due to ₹1198.31 million used for the purchase of property, plant and equipment and intangible assets (including capital work in progress and intangible assets under development).

Net cash flows from/(used in)/ financing activities

Three months Period Ended June 30, 2021

Net cash flows generated from financing activities was ₹40.17 million during the three months period ended June 30, 2021. This primarily comprised of proceeds of long term borrowings of ₹182.50 million and proceeds from short-term borrowings (net) of ₹175.04 million. This was offset by finance costs paid of ₹44.61 million and repayment of long term borrowings of ₹256.55 million.

Three months Period Ended June 30, 2020

Net cash flow used in financing activities was ₹277.39 million during the three months period ended June 30, 2020. This was primarily from ₹221.24 million used for the net repayment of our short term borrowings. We paid finance costs of ₹30.11 million.

Fiscal 2021

Net cash flow used in financing activities was ₹45.00 million during the Fiscal 2021. This was primarily owing to a net repayment of ₹179.45 million for our long term borrowings, and ₹141.24 million used for finance cost paid on our borrowings. This was offset by ₹200.00 million in proceeds generated from long term borrowings and ₹138.29 million in net proceeds generated from short term borrowings.

Fiscal 2020

Net cash flow used in financing activities was ₹235.17 million during the Fiscal 2020. This was primarily owing to a repayment of ₹317.45 million for our long term borrowings, and ₹209.70 million used for finance cost paid on our borrowings. This was offset by ₹101.91 million from net proceeds generated from short term borrowings and ₹250.00 million in proceeds generated from issue of CCPS.

Fiscal 2019

Net cash flow generated from financing activities was ₹978.46 million during the Fiscal 2019. This was primarily owing to net proceeds from long term borrowings of ₹1,012.46 million and net proceeds from short-term borrowings of ₹431.89 million. This was offset by the finance costs of ₹166.02 million and repayment of long term borrowings of ₹238.27 million.

Indebtedness

As of June 30, 2021, we had non-current borrowings of ₹3315.90 million and current borrowings of ₹2083.60 million. Some of our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. For further information on our agreements governing our outstanding indebtedness, see "*Financial Indebtedness*" on page 407.

Contractual Obligations

The table below sets forth our contractual obligations as of June 30, 2021. These obligations primarily relate to our borrowings, trade payables, other financial liabilities, and lease liabilities.

	Total	Less than 1 year	1 year to 5 years	More than 5 years
	₹in millions			
Borrowings	2,963.38	2,083.60	879.78	-
Trade Payables	868.27	868.27	-	-
Other financial liabilities	160.48	160.48	-	-
Lease liabilities	400.50	76.86	244.12	79.52

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities (as per Ind AS 37) as of June 30, 2021:

Particulars	As at June 30, 2021 (₹ in million)
Contingent Liabilities	
Contingent liability towards pending litigations related to disputed dues of:	
- Excise duty	111.72
- Service tax	24.85
- Income tax matters	50.78

Off-Balance Sheet Arrangements

Our Company does not have any off-balance sheet arrangements.

Related Party Transactions

We enter into various transactions with related parties. For further information see "*Related Party Transactions*" on page 366.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, foreign currency hedging instruments such as forward contracts and options. We have put in place appropriate risk management policies to limit the impact of these risks on its financial performance. The company ensures optimization of cash through fund planning and robust cash management practices.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our Company's operating activities (when revenue or expense is denominated in a foreign currency). We operate internationally and a large portion of the business is transacted mainly in US$ and Euros (€) and consequently we are exposed to foreign exchange risk through our sales and services in the North America and Europe and other countries across the world, and purchases from overseas suppliers in various foreign currencies. Our exposure to other foreign currencies is not material.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. Our objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. We closely monitors its position and maintains adequate source of financing.

We monitor our risk for shortage of funds on a regular basis. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The table below summarizes the maturity profile of the Company's financial liabilities on an undiscounted basis at the respective reporting date, which may differ from both carrying value and fair value:

(In ₹ million)

	Maturity period	**As at June 30, 2021**
Financial liabilities - Non current		
Borrowings	Between 1 - 5 years	879.78
Lease liabilities	Between 1 - 10 years	323.64
Financial liabilities - Current		
Borrowings	On demand	2083.60
Trade payables	Within 1 year	868.27
Other financial liabilities	Within 1 year	160.48
Lease liabilities	Within 1 year	76.86

Capital Expenditures

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for purchase of plant and equipment. In Fiscal Years 2019, 2020 and 2021, the three months period ended June 30, 2020 and the three months period ended June 30, 2021, our cash flow towards capital expenditures (comprising of purchase of property, plant and equipment, and intangible assets (including capital work in progress and intangible assets under development)) were ₹1198.31 million, ₹476.35 million, ₹71.45 million, nil and ₹28.20 million, respectively.

Significant Economic Changes

Other than as described above under the heading titled "– *Impact of the COVID-19 pandemic*" and "*Principal Factors Affecting Our Financial Condition and Results of Operations*," to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Unusual or Infrequent Events of Transactions

Except as described 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

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled "*Principal Factors Affecting Our Financial Condition and Results of Operations*" and the uncertainties described in the section titled "*Risk Factors*" beginning on page 30. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

Future Relationship Between Cost and Income

Other than as described in this Draft Red Herring Prospectus, including disclosure regarding the impact of COVID-19 on our operations, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues.

See "Risk Factor - The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations" for risks of the COVID-19 outbreak on our operations and financial condition; and see "Our Business – Impact of the COVID-19 pandemic" for more details regarding the impact of COVID-19 on our operations.

New Products or Business Segments

Other than as described in "*Our Business*" on page 238 of this Draft Red Herring Prospectus, there are no new products or business segments in which we operate.

Seasonality of Business

Our customers in Europe usually have a holidays between July and August, and December. Further, our customers in United States have holidays closer to Christmas and the New Year. During these periods, we experience lower sales in comparison to other months of the calendar year.

Suppliers or Customer Concentration

We are dependent on certain major customers for a significant portion of our revenue. For further details, please see "*Risk Factors - Our business largely depends upon our top ten customers and the loss of such customers or a significant reduction in purchases by such customers will have a significant adverse impact on our business. The discontinuation or loss of business with respect to, or a lack of commercial success of, the end-products of customers for which we are a significant supplier could adversely affect our business and results of operations.*" on page 34. The loss of such customers, a significant reduction in purchases by such customers, or a lack of commercial success of an end product of which we are a significant supplier could adversely affect our business, results of operations and financial condition.

Qualification Included by Statutory Auditors

There are no auditor qualifications which require corrective adjustments, and which have not been given effect in the Restated Summary Statements.

Significant Developments After March 31, 2021

Except as stated below and in this Draft Red Herring Prospectus, including disclosure regarding the impact of COVID-19 on our operations, to our knowledge, no circumstances have arisen since the date of the Restated Summary Statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months:

Pursuant to Board and Shareholders' resolution dated October 27, 2021 each Equity Share of ₹10 each was subdivided into 5 Equity Shares of ₹2 each, thereby reconfiguring the total issued paid up equity share capital of our Company to ₹ 82,629,710 divided into 41,314,855 Equity Shares of ₹2 each.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation derived from our Restated Summary Statements as at June 30, 2021, and as adjusted for the Offer. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 367, 297, and 30, respectively.

Particulars	**Pre-Offer as at June 30, 2021 (in ₹ million)**	**As adjusted for the Offer***
Total borrowings:		
Non-current borrowings (A)	3,315.90	[●]
Current borrowings (B)	2,083.60	[●]
Total borrowings (C)=(A)+(B)	**5,399.50**	[●]
Total equity:		
Equity Share capital	82.63	[●]
Other equity	(339.53)	[●]
Total equity (D)	(256.90)	[●]
Total non – current borrowings / total equity (A/D) (*Refer Note 1 below)*	(12.91)	[●]
Total borrowings / total equity (C/D) (*Refer Note 2 below*)	(21.02)	[●]

**Post-Offer capitalisation will be determined after finalisation of Offer Price.*

Note 1: The disclosure of Total non-current borrowings / total equity is arithmetically calculated on the basis of the above computation. Considering the negative equity, Total non-current borrowings / total equity is not determinable.

Note 2: The disclosure of Total borrowings / total equity is arithmetically calculated on the basis of the above computation. Considering the negative equity, Total borrowings / total equity is not determinable.

Note 3: Pursuant to the board resolution and shareholders' resolution dated October 27, 2021, equity shares of face value of ₹10 each of our Company were sub-divided into equity shares of face value of ₹ 2 each

FINANCIAL INDEBTEDNESS

Our Company have availed credit facilities in their ordinary course of business for purposes such as, *inter alia*, meeting their working capital requirements and general corporate purposes.

As on June 30, 2021, the Total Borrowings of our Company amounted to ₹ 5,399.50 million and the Adjusted Total Borrowings of our Company amounted to ₹ 2,963.38 million, and a brief summary of such borrowings is set forth below:

(₹ in million)

Category of Borrowing	Sanctioned amount as on June 30, 2021	Outstanding amount as on June 30, 2021
Total Current borrowings (A)	3,360.00	2,083.60
Total Non-Current Borrowings (B)	1,544.26	3,315.90
Total Borrowings (C) = (A)+(B)	**4,904.26**	**5,399.50**
Fair Value of CCPS		
Series A (D)	-	1,957.02
Series B (E)	-	479.10
Adjusted Total Borrowings (F) = (C)-(D)-(E)	**4,904.26**	**2,963.38**

^As certified by M/s J. Singh and Associates, pursuant to their certificate dated December 13, 2021.

Principal terms of the borrowings availed by us:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by our Company.

1. ***Interest/ Commission:*** In terms of the facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies between different facilities. The interest rate for the facilities availed by our Company typically ranges from 6.0% to 10.00% *per annum.*

The commission (including confirmation/ discounting charges) for the working capital facilities availed by our Company is typically based on the applicable rate of commission at the time of issuance of such facility.

2. ***Tenor:*** **(a)** The working capital facilities and forward sales contracts availed by our Company are typically repayable on demand, (b) the term loans are available for a maximum of period of 72 months, (c) ECLGS is available for a tenor of 48 months, and (d) vehicle loans for 60 months.

3. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to:

(a) create charge by way of hypothecation on current assets of our Company, both present and future;
(b) create charge by way of hypothecation over moveable fixed assets of our Company, both present and future;
(c) create charge by way of mortgage on the immoveable properties of our Company;
(d) furnish personal guarantee in favour of the lender.

4. ***Penal Interest:*** The terms of certain facilities availed by our Company prescribe penalties for non-payment of interest or repayment instalment, failure to create security within agreed timelines or any other breach of terms and conditions, which are as laid down in such facility documents or as may be stipulated by the concerned lender, as the case may be. The default interest payable on such facilities availed typically ranges from one per cent to two per cent *per annum* on the outstanding loan. However, for one of our facilities, the interest levied on overdues, defaults or delays is 2% per annum.

5. ***Prepayment:*** The terms of certain facilities availed by our Company typically have prepayment provisions which allow for pre-payment of the outstanding loan amount, subject to such prepayment penalties and such other conditions as laid down in the facility agreements, on giving notice and/or obtaining prior approval from the concerned lender, as the case may be. The prepayment premium for the term loans availed, where specified, typically is 2% to one per cent of the outstanding amount (as per the current negotiations and is subject to change) or will be at the discretion of such lender with respect to other facilities.

6. ***Repayment****:* The working capital facilities are either repayable on demand or on their respective due dates within the maximum tenor. While the term loan is typically repayable in structured instalments, our other financing arrangements are repayable depending on the tenor stipulated in their respective facility agreements. The working capital facilities are revolving in nature and are available for utilization until the availability period mentioned in the sanction letters/ facility agreements.

7. ***Restrictive covenants*****:** Several of our financing arrangements entail various restrictive covenants and conditions restricting certain corporate actions, and we are required to take the lender's prior written consent and/or intimate the respective lender before carrying out such actions, including for:

(a) effecting any change in our Company's capital structure, or reduction, return, purchase, repay, cancellation or redemption or buy back any of our Company's share capital or issuance of any shares, securities, share equivalents, debentures or convertible instruments;
(b) carrying out / entering into any amalgamation, consolidation, demerger, merger, restructuring, reorganization, corporate reconstruction by our Company;
(c) amending our Company's Memorandum of Association or Articles of Association, if such amendments adversely affect the interest of the lender;
(d) withdrawing profits or declaring dividend for any year, if any payment default has occurred;
(e) entering into any borrowing arrangement (secured or unsecured basis) with any other bank/ financial institution;
(f) permitting any transfer of the controlling interest or making any drastic change in the management set up; and
(g) investing by way of share capital or lending or advancing funds to or placing deposits with any other concerns except in normal course of our business.

Please note that the abovementioned list is indicative and there may be additional restrictive covenants and conditions where we may be required to take prior written consent or intimate the respective lender under the various borrowing arrangements entered into by us.

8. ***Events of default:*** In terms of borrowing arrangements for the facilities availed by us, the occurrence of any of the following, among others, constitute an event of default:

(a) suspension or ceasing to carry on business or fails to conduct our business to the satisfaction of the lender;
(b) any change in the constitution of our Company, which in the opinion of the lender would adversely affect their interest;
(c) failure to pay/repay any monies in respect of the facilities on the due dates, whether at stated maturity, by acceleration or otherwise;
(d) in case of any attachment or distress or restraint being levied against our assets or any order being passed for recovery of dues and such order is not vacated or discharged;
(e) failure to create and/or perfect security within such period as contemplated under the respective facility agreements;
(f) breach of any statement, representation, warranty, covenant or confirmation which cannot be cured within the stipulated time; and
(g) any other event or material change which may have a material adverse effect on the lenders.

Please note that the abovementioned list is indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

9. ***Consequences of occurrence of events of default:*** In terms of our borrowing arrangement for the facilities availed by us, upon the occurrence of events of default, our lenders may:

(a) declare the facilities, together with accrued interest and other monies, to be immediately due and payable and upon such declaration, the same shall become immediately payable;
(b) declare that all undisbursed portion of the sanctioned amount shall stand cancelled, whereupon the same shall be cancelled;

(c) exercise any or all rights and recourses available to the lender including enforcement of security under the respective facility agreement; and

(d) exercise all other remedies as available under applicable law.

For further details of financial and other covenants required to be complied with in relation to our borrowings, see "*Risk Factors – The agreements governing our borrowings contain conditions and restrictions on our operations, additional financing and capital structure.*" on page 48.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings (ii) actions taken by statutory and/or regulatory authorities; (iii) outstanding claims related to direct or indirect taxes, in a consolidated manner; (iv) other pending litigation/ arbitration as determined to be material by our Board as per the Materiality Policy, in each case involving our Company, Promoters or Directors ("**Relevant Parties**"); or (v) litigation involving our Group Companies which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions including penalties imposed by SEBI or stock exchanges against any of our Promoters in the last five Fiscals, including any outstanding action.*

For the purposes of (iv) above, in terms of the Materiality Policy adopted by resolution of our Board dated December 11, 2021:

Any outstanding litigation / arbitration proceedings (other than as covered in points (i) to (iii) above) involving the Relevant Parties shall be considered "material" for the purposes of disclosure in this Draft Red Herring Prospectus, if:

a.) *The monetary amount of claim made by or against the entity or person in any such pending proceeding exceeds the higher of 0.5% of the total income i.e. ₹ 21.76 million, as per the latest fiscal year in the Restated Summary Statements;*

b.) *Wherein a monetary liability is not quantifiable for any other outstanding proceeding, or which does not fulfil the financial threshold as specified in A(a) above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects or reputation of our Company.*

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (other than notices issued by statutory/regulatory authorities or tax authorities or notices threatening criminal action) have not and shall not, be considered as material litigation until such time that the Relevant Parties, as the case may be, are impleaded as a defendant/s in proceedings before any judicial / arbitral forum.

Further, creditors of our Company to whom amounts due by our Company is equal to or in excess of ₹ 43.41 million being 5.00% of the trade payables of our Company as at the end of the latest period included in the Restated Summary Statements, would be considered as material creditors.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined herein in a particular litigation disclosure pertain to that litigation only.

A. *Outstanding criminal litigation*

Outstanding criminal litigation by our Company

Our Company, through one of its employees in Bengaluru, has filed a first information report dated November 11, 2008 at the Peenya Police Station, Bengaluru, against certain persons under Sections 408 and 420 of the Indian Penal Code, 1860, for illegally issuing and discounting cheques of our Company. The employee was granted anticipatory bail by the Additional Session Judge & Presiding Officer, Fast Track (Sessions) Court, Bangalore on December 20, 2008. The Company had filed for an appeal on December 24, 2008 to request the court to reject the bail application by the accused. The matter is currently pending.

Outstanding criminal litigation against our Company

Nil

Actions by statutory or regulatory authorities

Our Company has filed an application dated March 31, 2021 for the compounding of offence for contravention of Section 149, Section 177 And 178 of the Companies Act, 2013 and Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. before the Registrar of Companies, Bangalore, in relation to the non-appointment of an independent director and women director on its Board for a period of three months. The Company appointed Ms. Rukmani Menon as the woman director and an Independent Director on its Board with effect from October 22, 2019 on January 14, 2020 to make good of the delay in filling the intermittent vacancy caused by the resignation of the former woman director. The matter is currently pending.

Other pending material litigation

Other pending material litigation by our Company

Nil

Other pending material litigation against our Company

Nil

B. Litigation involving our Promoters

Outstanding criminal litigation

Nil

Actions by statutory or regulatory authorities

Nil

Other pending material litigation

Nil

Disciplinary action taken by SEBI or any stock exchange in the five Financial Years preceding the date of this Draft Red Herring Prospectus

Nil

C. Litigation involving our Directors

Outstanding criminal litigation

Nil

Actions by statutory or regulatory authorities

Nil

Other pending material litigation

Nil

D. Tax proceedings against our Company, Promoters and Directors

Set out below are details of claims relating to direct and indirect taxes involving our Company, Promoters and Directors:

Nature of case	Number of cases	Demand amount involved (in ₹ million)*
Our Company		
Direct tax	2	50.78
Indirect tax	4	136.57
Promoters		
Direct tax	1	0.98

Nature of case	Number of cases	Demand amount involved (in ₹ million)*
Indirect tax	NIL	NIL
Directors		
Direct tax**	NIL	NIL
Indirect tax	NIL	NIL

** To the extent quantifiable*

*** Includes tax matter currently pending against Sandeep Kumar Maini which has been disclosed under the tax litigations involving our Promoters.*

E. Litigation involving our Group Companies

Nil

F. Outstanding dues to creditors

As per the Materiality Policy, a creditor of our Company, shall be considered to be material ("**Material Creditors**") for the purpose of disclosure in this Draft Red Herring Prospectus, if amounts due to such creditor by our Company is equal to, or in excess of, 5% of the trade payables of our Company as at the end of the latest period in the Restated Summary Statements (*i.e.*, as at June 30, 2021). Accordingly, a creditor has been considered 'material' by our Company if the amount due to such creditor exceeds ₹ 43.41 million as on June 30, 2021. As of June 30, 2021, outstanding dues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

Particulars	No. of Creditors	Amount (₹ in million)
Outstanding dues to micro, small and medium enterprises	70	72.26
Outstanding dues to other creditors	880	796.01
Total Outstanding Dues	**950**	**868.27**
Dues to Material Creditors*	2	107.85

** As defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

For further details about outstanding overdues to Material Creditors as on June 30, 2021, along with the name and amount involved for each such Material Creditor, see https://www.mainiprecisionproducts.com/Corporate-Governance.html.

It is clarified that such details available on our Company's website do not form a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any source of information including our Company's website would be doing so at their own risk.

G. Material Developments

Except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 367, there have been no material developments, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances, which materially and adversely affect, or are likely to affect our trading or profitability of our Company or the value of its assets or its ability to pay liabilities.

GOVERNMENT AND OTHER APPROVALS

Our business requires various approvals, licenses, consents, registrations, and permits issued by relevant regulatory authoritiesunder various rules and regulations. Set out below is an indicative list of all material approvals, licenses, consents, registrations,and permits obtained by our Company, which arenecessary for undertaking our business. In view of such approvals, our Company can undertake the Offer and its current business activities. Additionally, unless otherwise stated, these material approvals, licenses, consents, registrations, and permits are validas on the date of this Draft Red Herring Prospectus. Certain material approvals, licenses, consents, registrations, and permits may expire periodically in the ordinary course and applications for renewal of such expired material approvals, licenses, consents, registrations, and permits are submitted in accordance with applicable requirements and procedures.

I. Material approvals in relation to the Offer

For the approvals and authorisations obtained by our Company in relation to the Offer, see "*Other Regulatory andStatutory Disclosures – Authority for the Offer*" on page 415.

II. Material approvals in relation to our Company

We have received the following material approvals, licenses, consents, registrations, and permits pertaining to ourbusiness:

A. Tax related approvals

1. Permanent Account Number AABCM8269R issued by Chief Commissioner of Income Tax, Karnataka and Goa 2000 under the IT Act.

2. Tax Deduction and Collection Account Number BLRM00849C issued under IT Act.

3. Identification numbers issued under the Goods and Service Tax Act, 2017 by the Government of India and State Governments for GST payments, as applicable.

4. Import-export code 0788007530 issued under the Foreign Trade (Development and Regulation) Act, 1992.

5. Letter of Undertaking approval for export of goods and services without payment of integrated tax issued under the Goods and Service Tax, 2017.

B. Material approvals in relation to our business operations

1. Consent to operate issued by the respective pollution control board under the Water (Prevention and Control of Pollution) Act, 1974.

2. Consent to operate issued by the respective pollution control board under the Air (Prevention and Control of Pollution) Act, 1981.

3. Authorisation for generation, storage and disposal of hazardous wastes issued by the respective pollution control boards, wherever applicable, under the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016.

4. License to work a factory issued by the relevant State Government under the Factories Act, 1948.

5. No objection certificate issued by the fire department of the local municipal corporations of the respective states where our manufacturing facility is located.

6. Letter of approval for continued operations as 100% export-oriented unit issued by the Office of Development Commissioner, Ministry of Commerce and Industry for our manufacturing facility at Bengaluru.

7. Registrations under the Central Excise Rules, 2002 to manufacture excisable goods.

8. Registration cum membership certificate as a manufacturer exporter issued by the EEPC India (formerly known as Engineering Export Promotion Council).

9. License to import and store petroleum by the Joint Chief Controller of Explosives under the Petroleum Act, 1934 and Petroleum Rules, 2002.

10. Industrial License issued by Secretariat for Industrial Assistance, DIPP, Ministry of Commerce and Industry, Government of India for manufacture of parts and accessories N.E.C. for aircrafts or spacecrafts, falling under Scheduled Industry No. 37, under rule 7 of the Registration and Licensing of Industrial Undertaking Rules 1952.

C. Labour and commercial approvals

1. Certificate of registration issued by the Employees' Provident Fund Organisation, India under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 for all manufacturing facilities.

2. Certificate of registration issued by Employees State Insurance Corporation, India under the Employees State Insurance Act, 1948.

3. Certificate of registration issued by the Contract Labour Regulation Department under the Contract Labour (Regulation and Abolition) Act, 1970.

4. Registration number issued by the Directorate of Factories and Boilers under the Factories Act, 1948.

5. Registration under the Karnataka Tax on Profession, Trades, Callings and Employment Act, 1976.

D. Intellectual Property Registrations

Our Company has entered into a trademark license agreement dated July 15, 2015 with Maini Industrial Consultants, in terms of which our Company has been provided with an irrevocable and non – exclusive license to use, sub – license, advertise, market and exercise all rights pertaining to the trade name, trademark and logo associated with the "Maini" and "Maini Precision Products" brand name and logo, which are owned by Maini Industrial Consultants.

III. Material approvals applied for by our Company but not received

NIL

IV. Material approvals required by our Company but not applied for

NIL

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorised by our Board of Directors pursuant to the resolution passed at its meeting dated December 6, 2021 and the Fresh Issue by our Shareholders pursuant to a special resolution passed at their meeting dated December 6, 2021, and this DRHP has been approved by our Board on December 13, 2021. Our Board of Directors has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated December 13, 2021.

For further details, see "*The Offer*" on page 61.

The Offer for Sale has been authorised by each of the Selling Shareholders as follows:

Name of Selling Shareholder	Number of Offered Shares	Date of consent letter	Date of authorisation
Paragon Partners Growth Fund – I*	Up to 14,014,805	November 24, 2021	October 12, 2021
NewQuest Asia Investments II Limited**	Up to 4,286,880	December 2, 2021	December 2, 2021
Amit Giriraj Mohatta	Up to 242,380	December 13, 2021	NA
Sandeep Kumar Maini	Up to 3,986,895	December 13, 2021	NA
Gautam Maini	Up to 1,016,935	December 13, 2021	NA
Chetan Kumar Maini	Up to 1,016,935	December 13, 2021	NA
Vippen Sareen	Up to 131,640	December 13, 2021	NA
Arun Rajagopalan	Up to 271,845	December 13, 2021	NA
One – Up Financial Consultants Private Limited	Up to 513,390	December 13, 2021	September 14, 2021

**Includes 18,856,982 Series A CCPS and Series B CCPS held by Paragon Partners Growth Fund – I, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

*** Includes 5,768,018 Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited, which shall be converted up to a maximum of 4,286,880 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

Our Company has received in – principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI, RBI or other Governmental Authorities

Our Company, Promoters, Promoter Group, Directors, the persons in control of our Company and the persons in control of our corporate Promoters are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters (to the extent applicable) or Directors have not been declared as fugitive economic offenders.

Each Selling Shareholder, severally and not jointly, confirms that it has not been prohibited from accessing the capital markets under any order or direction passed by SEBI or any other governmental authority in India.

Except for Siddharth Deepak Parekh and Niten Lalpuria who are associated with Paragon Advisor Partners LLP, none of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against the Directors of our Company in the past five years preceding the date of this Draft Red Herring Prospectus:

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company, our Promoters, members of Promoter Group and each of the Selling Shareholders are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

"An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so."

We are an unlisted company, not satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

For further details, see "*Financial Information – Other Financial Information*" on page 361.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, the Promoters, members of the Promoter Group, and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoters or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoters or Directors have been identified as a wilful defaulter (as defined in the SEBI ICDR Regulations);

(iv) None of our Promoters, to the extent applicable, and Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) There are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company, along with the Registrar to the Offer, has entered into tripartite agreements dated October 18, 2012 and September 28, 2015 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

(vii) The Equity Shares of our Company held by our Promoters are in dematerialised form;

(viii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus; and

(ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

Our Company shall not make an Allotment if the number or prospective allottees is less than 1,000 in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

Each Selling Shareholder confirms that they have held respective portion of Equity Shares offered by it as part of the Offer for Sale have been held by it in compliance with Regulation 8 of the SEBI ICDR Regulations.

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. ICICI SECURITIES 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 SEBI ICDR REGULATIONS. 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, ICICI SECURITIES LIMITED AND IIFL SECURITIES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 13, 2021 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company, our Directors, BRLMs

Our Company, our Directors 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 Company's instance and anyone placing reliance on any other source of information, including our Company's website www.mainiprecisionproducts.com, or the respective websites of our Promoters, Promoter Group or any affiliate of our Company would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company and the BRLMs to the Bidders and the 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 the Bidding Centres or elsewhere.

None among our Company, or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (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.

Bidders will be required to confirm and will be deemed to have represented to our Company, 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 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. Our Company, 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 the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, our Promoters, their respective directors and officers, group companies, affiliates or associates or third parties 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, the Promoters, and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer from the Selling Shareholders

The Selling Shareholders 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 Company's instance and anyone placing reliance on any other source of information, including our Company's website www.mainiprecisionproducts.com, or the respective websites of our Promoter Group or any affiliate of our Company would be doing so at his or her own risk. Each of the Selling Shareholders, their respective directors, partners, affiliates, associates, and officers accept or undertake no responsibility for any statements made in this Draft Red Herring Prospectus, other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its portion of the Offered Shares.

The Selling Shareholders shall not be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (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.

Bidders will be required to confirm and will be deemed to have represented to the Selling Shareholders 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 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 Selling Shareholders and their respective directors, partners, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not 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 him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra, India only.

Neither the delivery of this Draft Red Herring Prospectus nor the offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholders since the date of this Draft Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

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 offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States. Accordingly, the Equity Shares are being offered and sold outside of the United States in offshore transactions as defined in and in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction 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.

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the U.S. Securities Act.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off – shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

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 our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of: (a) the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Banker(s) to the Company, legal counsels appointed for the Offer, the BRLMs, the Registrar to the Offer, CRISIL, in their respective capacities, have been obtained; (b) the Monitoring Agency; and (c) the Syndicate Members, the Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s), Sponsor Bank, to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Expert to the Offer

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

Our Company has received written consent dated December 13, 2021 from S.R. Batliboi & Associates, LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 11, 2021 on our Restated Summary Statements; and (ii) their report dated December 13, 2021 on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated December 13, 2021 from M/s J. Singh and Associates, Independent Chartered Accountant, to include their name as an "expert" under section 2(38) of the Companies Act in respect of their certificate and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 13, 2021 from M.S. Balu, Independent Chartered Engineer, to include their name as an "expert" under section 2(38) of the Companies Act in respect of their certificate and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issue during the last five years.

Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years

Other than as disclosed in "*Capital Structure*" on page 75, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. Further, our Company does not have any listed Group Companies, subsidiary or associate.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public issue 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 subscription for any of the Equity Shares for last five years by our Company.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed promoter of our Company

Our Company does not have a subsidiary and corporate Promoters.

Price information of past issues handled by the BRLMs

A. ICICI Securities Limited

1. Price information of past issues handled by ICICI Securities Limited

S. No.	Issue name	Issue size (in ₹ million)	Offer Price (in ₹)	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.	Aditya Birla Sun Life AMC Limited	27,682.56	712.00	October 11, 2021	715.00	-11.36%,[+0.55%]	NA*	NA*
2.	FSN E-Commerce Ventures Limited	53,497.24	1,125.00(1)	November 10, 2021	2,018.00	+92.31%,[-2.78%]	NA*	NA*
3.	Fino Payments Bank Limited	12,002.93	577.00	November 12, 2021	544.35	-30.56%,[-3.27%]	NA*	NA*
4.	PB Fintech Limited	57,097.15	980.00	November 15, 2021	1150.00	NA*	NA*	NA*
5.	One 97 Communications Limited	1,83,000.00	2,150.00	November 18, 2021	1,950.00	NA*	NA*	NA*
6.	Sapphire Foods India Limited	20,732.53	1,180.00	November 18, 2021	1,350.00	NA*	NA*	NA*
7.	Latent View Analytics Limited	6,000.00	197.00(2)	November 23, 2021	512.20	NA*	NA*	NA*
8.	Tarsons Products Limited	10,234.74	662.00(3)	November 26, 2021	682.00	NA*	NA*	NA*
9.	Go Fashion (India) Limited	10,136.09	690.00	November 30, 2021	1,310.00	NA*	NA*	NA*
10.	Star Health and Allied Insurance Company Limited	60,186.84	900.00(4)	December 10, 2021	845.00	NA*	NA*	NA*

**Data not available*

Notes:

(1) Discount of Rs. 100 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 1,125.00 per equity share.

(2) Discount of Rs. 19 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 197.00 per equity share.

(3) Discount of Rs. 61 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 662.00 per equity share.

(4) Discount of Rs. 80 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 900.00 per equity share.

2. Summary statement of price information of past issues handled by ICICI Securities Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			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%
2021-22*	20	6,42,533.19	-	1	3	3	3	3	-	-	-	1	-	-
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	1	3	5	3	2
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

** This data covers issues up to YTD*

Notes:

1. *All data sourced from www.nseindia.com, except for Computer Age Management Services Limited for which the data is sourced from www.bseindia.com*
2. *Benchmark index considered is NIFTY*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.*

B. IIFL Securities Limited

1. Price information of past issues handled by IIFL Securities Limited

S. No.	Issue name	Issue size (in ₹ million)	Offer Price (in ₹)	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.	Krishna Institute of Medical Sciences Limited	21,437.44	825.00(1)	June 28, 2021	1,009.00	+48.10%;[-0.43%]	+48.35%,[+12.89%]	N.A.
2.	Windlas Biotech Limited	4,015.35	460.00	August 16, 2021	437.00	-18.04%,[+4.93%]	-34.46%,[+9.30%]	N.A.
3.	Krsnaa Diagnostics Limited	12,133.35	954.00(2)	August 16, 2021	1,005.55	-9.42%,[+4.93%]	-27.73%,[+9.30%]	N.A.
4.	Chemplast Sanmar Limited	38,500.00	541.00	August 24, 2021	550.00	+2.06%,[+5.55%]	+12.94%,[+6.86%]	N.A.
5.	Sansera Engineering Limited	12825.20	744.00(3)	September 24, 2021	811.50	+0.35%,[+1.47%]	N.A.	N.A.
6.	Aditya Birla Sun Life AMC Ltd	27,682.56	712.00	October 11, 2021	715.00	-11.36%,[+0.55%]	N.A.	N.A.
7.	PB Fintech Ltd.	57,097.15	980.00	November 15, 2021	1,150.00	N.A.	N.A.	N.A.
8.	SJS Enterprises Ltd.	8,000.00	542.00	November 15, 2021	542.00	N.A.	N.A.	N.A.
9.	Sapphire Foods India Limited	20,732.53	1,180.00	November 18, 2021	1,350.00	N.A.	N.A.	N.A.
10.	Star Health and Allied Insurance Company Limited	64,004.39	900.00(4)	December 10, 2021	845.00	N.A.	N.A.	N.A.

Source: www.nseindia.com;

(1) A discount of INR 40 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion
(2) A discount of INR 93per equity share to eligible employees bidding in the employee reservation portion
(3) A discount of INR 36 per equity share was offered to eligible employees bidding in the employee reservation portion
(4) A discount of INR 80 Per Equity Share was offered to eligible employees bidding in the employee reservation portion

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. 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. % change taken against the Issue Price in case of the Issuer. The Nifty 50 index is considered as the benchmark index. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.

2. Summary statement of price information of past issues handled by IIFL Securities Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			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%
2019–20	5	65,827.61	-	-	2	-	1	2	1	1	1	-	-	2
2020-21	8	47,017.65	-	-	4	2	1	1	-	1	-	3	3	1
2021-22	13	3,05,042.21	-	-	3	-	3	3	-	-	-	2	-	-

Source: www.nseindia.com
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.
NA means Not Applicable.

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the BRLMs, as set forth in the table below:

Sr. No.	Name of BRLMs	Website
1.	ICICI Securities Limited	www.icicisecurities.com
2.	IIFL Securities Limited	www.iiflcap.com

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with our Company for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

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. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company will obtain authentication on the SCORES and shall be in compliance with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013, SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 and SEBI circular (SEBI/HO/OIAE/IGRD/CIR/P/2021/642) dated October 14, 2021 in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor grievances in the last three Financial Years prior to the filing of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus. Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, 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 Vijayesh Rajendran, as the Company Secretary and Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For further details, see "*General Information*" on page 67.

Our Company has also constituted a Stakeholders' Relationship Committee to review and redress shareholder and investor grievances. For further details, see "*Our Management*" on page 275.

SECTION VII – OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, Offer for Sale and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Ranking of the Equity Shares

The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares Allotted in the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, MoA and AoA, and shall rank pari passu with the existing Equity Shares in all respects including dividends. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 452.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders as per the provisions of the Companies Act, our MoA, AoA, the Listing Regulations and other applicable laws including guidelines or directives that may be issued by the GoI in this respect. All dividends, declared by our Company after the date of Allotment (pursuant to the Allotment of Equity Shares), will be payable to the Allottees, for the entire year, in accordance with applicable law. For further details in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of the Articles of Association*" on pages 296 and 452, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 2 and the Offer Price at Floor Price is ₹ [●] per Equity Share and at Cap Price is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size will be decided by our Company, and the Selling Shareholders in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Kannada national daily newspaper (Kannada being the regional language of Karnataka, where our Registered Office is located) each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective 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 on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination for the Equity Shares.

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 Shareholders

Subject to applicable laws, rules, regulations and guidelines and the AoA, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and our AoA and other applicable laws.

For a detailed description of the main provisions of the AoA of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 452.

Market Lot and Trading Lot

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations and the Listing Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been entered into amongst our Company, the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated October 18, 2012 amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated September 28, 2015 amongst our Company, CDSL and Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be 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 434.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along 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, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). 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 his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination/ cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or
b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the 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, the Board may thereafter withhold payment of all dividends, 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 mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Withdrawal of the Offer

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of RIBs using the UPI Mechanism, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. 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 withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/ Offer Programme

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

(1) Our Company and the Selling Shareholders in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations

(2) Our Company and the Selling Shareholders in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations

(3) UPI mandate end time and shall be at 12:00 PM on [●].

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

***In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹ 100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the SCSB 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. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the investor grievance until the date on which the blocked amounts are unblocked.*

The above timetable is indicative and does not constitute any obligation or liability on our Company, the Selling Shareholders, or the BRLMs.

Whilst the Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date, or such other period as may be prescribed by the SEBI, the timetable may be extended due to various factors, such as extension of the Bid/ Offer Period by our Company and the Selling Shareholders in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges, and delay in respect of final certificates from SCSBs. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholder confirms that it shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

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 the Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")
Bid/ Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/ Offer Closing Date, extension of time will be granted by the Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date upon receiving the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the Working Day.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

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 SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

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, during the Bid/ Offer Period. Bids will be accepted only during Monday to Friday (excluding any public holiday), during the Bid/Offer period. Bids and revisions shall not be accepted on Saturdays and public holidays. 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 SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Neither the Selling Shareholders, nor our Company, nor any member of the Syndicate are liable for any failure in (i) uploading the Bids due to faults in any software/ hardware 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.

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price will not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price.

In case of revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, strike or similar circumstances, our Company and the Selling Shareholders in consultation with the BRLMs, 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 Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries. In case of revision of price band, the Bid lot shall remain the same.

In case of discrepancy in data entered in the electronic book vis-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.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer for Sale in accordance with the SEBI ICDR Regulations. In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Offer Closing Date, or if the subscription level falls below the thresholds mentioned above after the Bid Closing Date, on account of withdrawal of applications or after technical rejections or any other reason, or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares being offered under the Red Herring Prospectus, the Selling Shareholders, to the extent applicable, and our Company shall forthwith refund the entire subscription amount received. In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, our Company shall within four days from the closure of the Offer, refund the subscription amount received in case of non – receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law.

In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, Allotment shall first be made towards the Fresh Issue. As required under Rule 19 (2)(b) of the SCRR and 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the sale of Offered Shares being offered by the Investor Selling Shareholders in the Offer for Sale in proportion to the Equity Shares being offered by them in Offer, followed by (ii) sale of Offered Shares being offered by the Promoter Selling Shareholders, Individual Selling Shareholders and Other Selling Shareholder; and (iii) the issuance of balance part of the Fresh Issue.

Further, the Selling Shareholders and our Company and shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

Restrictions, if any, on Transfer and Transmission of Equity Shares and on their consolidation or splitting

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoter's minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 75 and except as provided under the AoA, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the AoA. For further details, see "*Description of Equity Shares and terms of Articles of Association*" on page 452.

OFFER STRUCTURE

Initial public offering of up to [●] Equity Shares of face value of ₹ 2 each for cash at a price of up to ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million comprising a Fresh Issue of [●] equity shares aggregating up to ₹ 1,500 million and an Offer for Sale of up to 25,481,705 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders, comprising an offer for sale of up to 6,020,765 Equity Shares aggregating up to ₹ [●] million by the Promoter Selling Shareholders, up to 645,865 Equity Shares aggregating up to ₹ [●] million by the Individual Selling Shareholders, up to 513,390 Equity Shares aggregating up to ₹ [●] million by the Other Selling Shareholders and up to 18,301,685 Equity Shares* aggregating up to ₹ [●] million by the Investor Selling Shareholders.

The Offer shall constitute [●] % of the post-Offer paid-up equity share capital of our Company, respectively.

** Includes 5,768,018 Series A CCPS and Series B CCPS held by NewQuest Asia Investments II Limited, which shall be converted up to a maximum of 4,286,880 Equity Shares and 18,856,982 Series A CCPS and Series B CCPS held by Paragon Partners Growth Fund – I, which shall be converted up to a maximum of 14,014,805 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, solely for the purpose of the Offer. For further details, see "History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements" on page 272.*

The Offer is being made through the Book Building Process.

Particulars	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation (2)	Not less than [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not more than 75% of the Offer shall be available for allocation to QIBs. However, up to 5% of the Net QIB Portion (i.e. 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 Net QIB Portion (i.e. excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not more than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders will be available for allocation	Not more than 10% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds	Proportionate	Allotment to each Retail Individual Bidder shall not be less than the maximum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares is any, shall be allotted on a proportionate basis. For further details see, "*Offer Procedure*" on page 434.

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	at or above the Anchor Investor Allocation Price		
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so 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	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can apply[(3) (4)]	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs (other than individuals, corporate bodies and family offices), FVCIs, VCFs, AIFs, multilateral and bilateral financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, 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 NBFCs.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	**In case of all other Bidders**: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for RIBs using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form **In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)]		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).		

* *Assuming full subscription in the Offer*

(1) *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion 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. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion*

(2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(2) of the SEBI ICDR Regulations*

(3) *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. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.*

(4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.*

Bids by FPIs with certain structures as described under "Offer Procedure – Bids by FPIs" on page 439 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Bidders will be required to 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.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion 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 Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 425.

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 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, 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, 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/Applicants; (v) Issuance of CAN and Allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form,) designated date, disposal of applications and electronic registration of bids; (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) designated date, (xii) interest in case of delay in allotment or refund; and (xiii) disposal of application.

*SEBI vide the UPI Circulars, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*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 RIBs 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 however, 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 RIBs ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021 and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus. Additionally, SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 has provided certain implementation timelines for the provisions of the circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.*

The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

In terms of Regulation 23(5) and Regulation 52 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, the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this 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 the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Company, the Selling Shareholders and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Offer shall be allocated on a proportionate basis to QIBs. Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one-third shall be available for allocation to 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 Portion. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders other than Anchor Investors, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer shall be available for allocation to RIBs 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 Portion, 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 Selling Shareholders in consultation with the BRLMs, and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories. In case of an undersubscription in the Offer, the Equity Shares proposed for sale by the Selling Shareholders shall be in proportion to the Offered Shares by such Selling Shareholders.

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 dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares materialized subsequent to Allotment of the Equity Shares in the IPO.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the 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 RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to 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 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 RIB 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. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. 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. 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 would be reduced to three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

Pursuant to the UPI Streamlining Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in [●] editions of [●], a widely circulated English national daily newspaper; (ii) [●] editions of [●], a Hindi national daily newspaper; and (iii) [●] editions of [●], a widely circulated Kannada national daily newspaper, Kannada also being the regional language of Karnataka, where our Registered Office is located) , on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering 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 Bidders using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges, the BRLMs.

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 the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. RIBs are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected. Retail Individual Investors bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI. ASBA Bidders using UPI Mechanism must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form.

ASBA Bidders (including Bidders using UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA 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. In order to ensure timely information to Bidders, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	[●]
Anchor Investors	[●]

**Excluding electronic Bid cum Application Forms*

Notes:

(1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com).

(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

In case of ASBA Forms, the relevant Designated Intermediaries shall 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 RIBs using 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 RIBs for blocking of funds. For ASBA Forms (other than RIBs) 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.

The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, 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/Offer Closing Date ("**Cut-Off Time**"). Accordingly, RIBs 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. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions / investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021. The processing fees for applications made by Retail Investor Bidder using the UPI Mechanism maybe released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No. SEBI SEBI/HO/CFD/DIL2/P/CIR/2021/2480/1/M dated March 16, 2021.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on a daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

ELECTRONIC REGISTRATION OF BID

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The

Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

b) On the Bid/Issue 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.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in 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 applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales occurs.

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.

Participation by Promoters and Promoter Group of the Company, the BRLMs and the Syndicate Members and persons related to Promoters/Promoter Group/ the BRLMs

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion 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 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 the BRLMs or AIFs sponsored by the entities which are associates of the BRLMs or 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 Promoters / Promoter Group" shall 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 or Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group; (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, the BRLMs.

The Promoters and the members of the Promoter Group will not participate in the Offer, except to the extent of the Offer for Sale.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, reserve the right to reject any Bid without assigning any reason thereof.

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 can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

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 schemes. 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. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB 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 NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB to block their Non-Resident Ordinary ("**NRO**") accounts or confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

In accordance with the FEMA Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together 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% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company. For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 451.

Bids by HUFs

Hindu Undivided Families or HUFs are required to be made in the individual name of the *karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

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 with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). 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.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar to the Offer shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

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.

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. In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

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.

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:

(a) each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

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.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

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 SEBI registered VCFs, AIFs and FVCIs

The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, venture capital funds which have not re-registered as AIFs under the SEBI AIF Regulations shall continue to be regulated by the SEBI (Venture Capital Funds) Regulations, 1996 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. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI 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 in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. 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 funds 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, or the BRLMs will not be responsible for loss, if any, 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 Selling Shareholders in consultation with the BRLMs reserves 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 Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason. The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial services company cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) 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 (i) investment in excess of 30% of the paid-up share capital of the investee company, (ii) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (iii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. 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 applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

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 a 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 Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

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 India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) 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 Selling Shareholders in consultation with the BRLMs reserves 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 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 the terms and conditions that our Company and the Selling Shareholders in consultation with the BRLMs may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

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, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. 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 Anchor Investors

In accordance with the SEBI Regulations, the key terms for participation by Anchor Investors are provided below:

1) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
2) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. 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 million.
3) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
4) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date.
5) Our Company and the Selling Shareholders, in consultation with the BRLMs will 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: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million; (b) 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, subject to a minimum Allotment of ₹50 million per Anchor Investor; and (c) 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, subject to minimum allotment of ₹50 million per Anchor Investor.
6) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.
7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
8) 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 Allocation 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 Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.
9) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
10) Neither the (a) the BRLMs (s) or any associate of the BRLMs (other than mutual funds sponsored by entities which are associate of the BRLMs or insurance companies promoted by entities which are associate of the BRLMs or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the BRLMs or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which are associate of the BRLMs) nor (b) the Promoters, Promoter Group or any person related to the Promoters or members of the Promoter Group shall apply under the Anchor Investors category. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, please read the General Information Document.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in the Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, 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 the Red Herring Prospectus and the Prospectus.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders, and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

***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. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

7. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

10. 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. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms. PAN of the First Bidder is required to be specified in case of joint Bids;

11. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs 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;

12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

14. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation 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, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) 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, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

16. Ensure that the Demographic Details are updated, true and correct in all respects;

17. 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;

18. Ensure that the category and the investor status is indicated;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

21. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, 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, PAN and UPI ID, if applicable, available in the Depository database;

22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the mobile application and the UPI handle being used for making the application in the Offer is also appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website and is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

23. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

24. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

25. RIBs 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 RIB may be deemed to have verified the

attachment containing the application details of the RIB 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;

26. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected; and

28. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) 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 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. 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 a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and 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;

16. 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;

17. 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);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

20. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;

21. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

22. Do not Bid for Equity Shares in excess of what is specified for each category;

23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

24. 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 Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

26. If you are an RIB 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;

27. Do not Bid if you are an OCB;

28. 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 RIBs using the UPI Mechanism;

29. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;

30. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and

31. RIBs 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.

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-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to our Company Secretary and Compliance Officer. For further details of Company Secretary and Compliance Officer, see "*General Information*" on page 67.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Our Company, the Selling Shareholders and the members of the Syndicate 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/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Further, helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 see, *"General Information – Details of the Book Running Lead Managers"* on page 68.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar to the Offer, shall ensure that the basis of allotment is finalised 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 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 may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders 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 Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN 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) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"
(b) 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 Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], a widely circulated English national daily newspaper; (ii) [●] editions of [●], a Hindi national daily newspaper; and (iii) [●] editions of [●], a widely circulated Kannada national daily newspaper, Kannada also being the regional language of Karnataka, where our Registered Office is located).

In the pre-Offer advertisement, we shall state the Bid/ Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate 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/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Allotment Advertisement

Our Company, the BRLMs and the Registrar to the Offer shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in: (i) [●] editions of [●], a widely circulated English national daily newspaper; (ii) [●] editions of [●], a Hindi national daily newspaper; and (iii) [●] editions of [●], a widely circulated Kannada national daily newspaper, Kannada being the regional language of Karnataka, where our Registered Office is located).

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 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, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period;
- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Promoter's contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees;
- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholders

Each of the Selling Shareholders undertake, severally and not jointly, in respect of itself as a Selling Shareholder and its respective portion of Offered Shares, that:

- the Equity Shares offered for sale by the Selling Shareholders are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations, are fully paid-up and are in dematerialised form;
- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;
- it is the legal and beneficial owner of, and has clear and marketable title to, the Equity Shares which are offered by it pursuant to the Offer for Sale; and
- it shall not have recourse to the proceeds of the Offer, which shall be held in escrow in its favour, until final approval for trading of the Equity Shares from the Stock Exchanges where listing is sought has been received.

Only the statements and undertakings in relation to each of the Selling Shareholders and its portion of the Equity Shares offered in the Offer for Sale which are specifically "confirmed" or "undertaken" by it in this Draft Red Herring Prospectus, shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by such Selling Shareholders. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholders.

Utilisation of Offer Proceeds

Our Company and the Selling Shareholders 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.

Further, details of all utilised monies out of the Fresh Issue shall be disclosed and continued to be disclosed till any part of the Offer proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised or invested.

Details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) ("**DPIIT**"), issued the FDI Policy, which is effect from October 15, 2020, which subsumes and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. 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. For further details, see "*Key Regulations and Policies*" on page 265.

Under the current FDI Policy, 100% foreign direct investment is permitted in manufacturing sector, under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, 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 FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. For further details of the aggregate limit for investments by NRIs and FPIs in our Company, see "*Offer Procedure – Bids by Eligible NRIs*" and "*Offer Procedure – Bids by FPIs*" on pages 439 and 439, respectively. As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For further details, see "*Offer Procedure*" on page 434.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Instruments Rules, any investment, subscription, purchase or sale of equity instruments by entities of 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, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Instruments Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules. 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 shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof 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 other applicable law of the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions as defined in and in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction 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.

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 the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

The Articles of Association of the Company comprise two parts, Part A and Part B. Till the time of listing and trading of the Equity Shares of the Company on any recognised stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company, Part A and Part B shall, unless the context otherwise requires, co-exist with each other. Notwithstanding anything contained herein, in the event of any conflict between the provisions of Part A and Part B of these Articles, the provisions of Parts B of these Articles shall prevail. Upon the commencement of listing and trading of the Equity Shares of the Company on any recognised stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company, Part B shall automatically stand deleted, not have any force and be deemed to be removed from the Articles of Association and the provisions of the Part A shall automatically come in effect and be in force, without any further corporate or other action by the Company, directors, or its shareholders.

PART A

1. The regulations contained in Table 'F' of Schedule I to the Companies Act, 2013 shall apply only in so far as the same are not inconsistent with the Articles.

2. **INTERPRETATION**

(i) In the interpretation of these Articles the following expressions shall have the following meaning, unless repugnant to the subject or context:

a) **"Act"** means the Companies Act, 1956 and/or the Companies Act, 2013 as amended from time to time and statutory modifications thereof and the term shall 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 as may be applicable.

b) **"Annual General Meeting"** means a general meeting of members held in accordance with the provisions of section 96 of the Act or such other relevant provisions of the Act related to incorporated companies for the time being in force in India.

c) **"Articles"** means the Articles of Association of the Company as adopted or as from time to time, altered in accordance with the provisions of these Articles and the Act.

d) **"Auditors"** mean the statutory auditors of the Company appointed by the Company in accordance with the provisions of the Act.

e) **"Board"** or **"Board of Directors"** shall mean the Board of Directors of the Company, as constituted from time to time, in accordance with Law and the provisions of these Articles.

f) **"Beneficial Owner"** means a person as defined in Section 2 of the Depositories Act and whose name is recorded as such with a Depository.

g) "**Business Day**" means a day, not being a Saturday or a Sunday or a public holiday, on which banks are open for business in Mumbai, India and, in the context of a payment being made to or from a scheduled commercial bank in a place other than India, in such other place.

h) **"Capital"** or **"Share Capital"** means the share capital for the time being raised or authorised to be raised for the purpose of the Company.

i) **"Chairman"** means the Chairman of the Board for the time being of the Company.

j) "**Company**" means Maini Precision Products Limited.

k) **"Companies Act, 1956"** shall mean the Companies Act, 1956 (Act I of 1956), as may be in force for the time being.

l) **"Companies Act, 2013"** shall mean the Companies Act, 2013, as may be in force for the time being.

m) **"Directors"** means the Directors of the Company and includes any person appointed by the Board occupying the position of director by whatever name called.

n) **“Debenture”** includes debenture stocks.

o) **“Depositories Act”** shall mean the Depositories Act, 1996 and include where the context so admits, any re-enactment or statutory modification thereof for the time being in force.

p) **“Depository”** means a Depository as defined in Section 2(1)(e) of the Depositories Act, 1996.

q) **“Dividend”** includes interim dividend.

r) **“Executor”** or **“Administrator”** shall mean a person who has obtained probate or letters of administration, as the case may be, from a court of competent jurisdiction and shall include the holder of a succession certificate authorizing the holder thereof to negotiate or transfer the Equity Share or Equity Shares of the deceased Shareholder and shall also include the holder of a certificate granted by the Administrator-General appointed under the Administrator Generals Act, 1963.

s) **“Extra-ordinary Meeting”** means an Extra-ordinary general meeting of the members duly held in accordance with the provisions of the Act and the Articles and includes any adjourned holding thereof.

t) **“General Meeting”** or **“Meeting”** means a general meeting of the members.

u) **“Key Managerial Personnel”** means the:

   i. Chief Executive Officer or the managing director or the manager;
   ii. The Company Secretary;
   iii. The Whole-time director;
   iv. The Chief Financial Officer; and
   v. Such other officer as may be prescribed by the Board.

v) “**Managing Director**” means the Managing Director for the time being of the Company.

w) **“Member”** or **“Shareholder”** means member in pursuance of Section 2(55) of the Act.

x) **“Memorandum”** means the Memorandum of Association of the Company.

y) **“Month”** means the Calendar Month.

z) **“Office”** means the Registered Office of the Company.

aa) **“Ordinary Resolution”** and **“Special Resolution”** shall have the meanings assigned thereto respectively under section 2(63) of the Act.

bb) **“Person”** includes body corporate, firm, association of firms and society registered under the Societies Registration Act.

cc) **“Proxy”** includes an Attorney duly constituted under a power of attorney.

dd) **“Register”** means the Register of Members to be kept pursuant to Section 88 of the Act.

ee) **“Securities”** shall mean any Equity Shares or any other securities, debentures warrants or options whether or not, directly or indirectly convertible into, or exercisable or exchangeable into or for Equity Shares.

ff) **“Share”** means a share in the share capital of the Company and includes stock, except where a distinction between stock and shares is expressed or implied.

gg) **“Seal”** means the Common Seal if any for the time being of the Company.

hh) **“Whole-time Director”** means the Whole-time Director for the time being of the Company.

ii) **“Year”** or **“Financial Year”** shall have the meaning assigned thereto by section 2(41) of the Act.

(iii) Words importing the singular number include the plural number and vice-versa.

a) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereto.

b) “In writing” and “written” includes printing, lithography and any other modes of representing or reproducing words in a visible form.

c) Words importing the singular number shall include the plural number and vice versa.

d) References made to any provision of the Act shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the Ministry of Corporate Affairs. The applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Act have been notified.

e) References to a party shall, where the context permits, include such party’s respective successors, legal heirs and permitted assigns.

f) The descriptive headings of Articles are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of these Articles and shall not affect the construction of these Articles.

g) References to articles and sub-articles are references to Articles and Sub-articles of and to these Articles unless otherwise stated and references to these Articles include references to the articles and Sub-articles herein.

h) Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

i) Wherever the words “include,” “includes,” or “including” is used in these Articles, such words shall be deemed to be followed by the words “without limitation”.

j) The terms “hereof”, “herein”, “hereto”, “hereunder” or similar expressions used in these Articles mean and refer to these Articles and not to any particular Article of these Articles, unless expressly stated otherwise.

k) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of such period is not a Business Day; and whenever any payment is to be made or action to be taken under these Articles is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

l) A reference to a Party being liable to another Party, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence).

m) Reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.

n) In the event any of the provisions of the Articles are contrary to the provisions of the Act and the Rules, the provisions of the Act and Rules will prevail.

<u>SHARE CAPITAL AND VARIATION OF RIGHTS</u>

3. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

4.

i. Every member or allottee of shares shall be entitled without payment to receive one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be, specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid thereon, provided, however, no share certificate(s) shall be issued for shares held in a Depository. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issue against letters of advice or acceptance or of renunciation or in case of issue of bonus shares. Every certificate shall specify the distinctive number of shares to which it relates and the amount paid-up thereon and shall be signed by two directors or by a director and the company secretary, wherever the company has appointed company secretary: Provided that in case the company has a common seal it shall be affixed in the presence of persons required to sign the certificate. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of the issue and the amount paid thereon.

ii. Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees One Hundred. The Company shall comply with the provisions of Section 46 of the Act.

5.

i. No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn, old, decrepit, worn out, or where there be no further space on the back thereof for endorsement of transfer, unless the certificate in lieu of which it is issued is surrendered to the Company.

ii. When a new share certificate has been issued in pursuance of Article (5), it shall state on the face of it and against the stub or counterfoil to the effect that it is “issued in lieu of share certificate No.... sub-divided/replaced/ or consolidation of shares.”

iii. If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity and on payment of out-of-pocket expenses incurred by the Company in investigating the evidence and such fees, as the Board thinks fit.

iv. When a new share certificate has been issued in pursuance of Article 5(iii), it shall state on the face of it and against the stub or counter foil to the effect that it is “duplicate issued in lieu of share certificate No...”. The word “Duplicate” shall be stamped or punched in bold letters across the face of the share certificate.

v. Where a new share certificate has been issued in pursuance of Article 5(i) or 5(iii), particulars of every such share certificate shall be entered in Register of Renewed and duplicate certificate indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in “Remarks” column.

vi. Every certificate under this article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding the amount payable under applicable law for each certificate) as the Directors shall prescribe. Provided that 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.

vii. Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act,1956 or any other Act, or rules applicable thereof in this behalf.

viii. Subject to the provisions of the Act, the provisions of this article relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures of the Company.

a. The provisions of Articles (4), (5) and (6) shall mutatis mutandis apply to Debentures of the Company.

6. Except as required by law, no person shall be recognised 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 as may be otherwise provided in the Articles, the Memorandum or the applicable law) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

7.

a. The Company may exercise the powers of paying commissions conferred by Section 40 (6) of the Companies Act, 2013, 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 there under.

b. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

c. 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.

8.

a. 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 Companies Act, 2013, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths 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 Shares of that class.

b. To every such separate meeting, the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued Shares of the class in question.

9. 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.

10. Subject to the provisions of Section 55 of the Companies Act, 2013, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the Shares may, by Special Resolution, determine.

11. Where at any time, the Company proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

i. to persons who, at the date of the offer, are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit, to the Paid up Share Capital on those shares by sending a letter of offer subject to the following conditions, namely:-

a) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue;

b) the offer aforesaid 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 referred to in Article a. above shall contain a statement of this right;

c) after the expiry of the time specified in the notice aforesaid, 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 may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company;

ii. to employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to the to the rules and such other conditions, as may be prescribed under applicable law; or

iii. to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in Article (i) or Article (ii) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the Act and the rules made thereunder.

iv. The notice referred to in sub-Article (a) of sub-article (i) shall be dispatched through registered post or speed post or through electronic mode to all the existing Shareholders at least three days before the opening of the issue.

v. Nothing in this Article shall apply to the increase of the subscribed capital of a Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into shares in the Company:

Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.

vi. The provisions contained in this Article shall be subject to the provisions of the Section 42 and Section 62 of the Companies Act, 2013 and the applicable provisions of the Act.

12. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) in the capital shall be under the control of the Board of Directors, who may issue, allot or otherwise dispose of the same or any of them to such persons in such proportion on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of the Act) at a discount and at such times as the Board of Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person or persons the option or right to call for or be allotted shares of any class of the Company either (subject to the provisions of Section 52 of the Act) at a premium or at par and such option being exercisable for such time and for such consideration as the Board of Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. The Board shall cause to be filed the returns as to allotment provided for in Sections 39 and 42 of the Act. Provided that 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.

13. Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is subdivided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid the Company in general meeting may also cancel shares which 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.

LIEN

14. The Company shall have a first and paramount lien upon all shares (other than fully paid up shares) / debentures registered in the name of each member (whether solely or jointly with others) 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 such shares/debentures, and no equitable interest in any shares shall be created except upon the footing and upon the conditions that this Article shall have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Such lien on partly-paid shares shall be restricted to moneys called or payable at a fixed time in respect of such shares Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares/debentures wholly or in part to be

exempt from the provisions of this clause.

15.

i. To give effect to any such sale, the Board may authorise some person to transfer the Shares sold to the purchaser thereof.

ii. The purchaser shall be registered as the holder of the Shares comprised in any such transfer.

iii. 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 in reference to the sale.

16.

i. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

ii. 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.

17. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture, provided that there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

FURTHER ISSUE OF SHARE CAPITAL

18.

i. Where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares, then such further shares shall be offered to the persons who as on the date specified under the applicable law, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed in the Act and not exceeding thirty days from the date of offer within which the offer, if not accepted, will be deemed to have been declined. Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue. The aforesaid offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person and notice referred to above shall contain a statement of this right. After the expiry of the time specified in the notice aforesaid 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 may dispose of them in such manner which is not disadvantageous to the Members and the Company.

ii. Notwithstanding anything contained in preceding sub-clause, the Company may —

a) by a special resolution in a general meeting; or

b) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the motion moved in the general meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company, offer the equity shares of the Company to such other persons other than the existing Members of the Company such as Business Associates, Independent Professionals, Consultants, Agents, Service Providers, Financial Investors etc. on such terms and conditions including variable pricing within each of the foregoing categories as may be stipulated in the resolution approved by the Members and in accordance with the provisions of the Act and the Rules and other applicable law.

iii. Nothing in sub clause (i) of this Article shall be deemed to extend the time within which the offer shall be accepted or to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

iv. Nothing contained in sub-clauses (i) & (ii) above, of this Article shall apply to the increase of the subscribed capital caused by the exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

Notwithstanding anything contained in this Article hereof, where any debentures have been issued, or loan has been obtained from any government by the Company and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

CALLS ON SHARES

19.

i. 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:

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.

ii. 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.

iii. A call may be revoked or postponed at the discretion of the Board.

20. 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 installments.

21. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

22.

i. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

ii. The Board shall be at liberty to waive payment of any such interest wholly or in part.

23.

i. 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 regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

ii. In case of non-payment of such sum, all the relevant provisions of the Articles and the Act 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.

24.

i. The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the members paying the sum in advance and the Board agree upon. The Board may at any time agree to repay any amounts so advanced or may at any time repay the same upon giving to the member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.

ii. No member paying any such sum in advance shall be entitled to voting right in respect of the moneys so paid by him until the same would but for such payment become presently payable.

iii. Subject to the provisions of the Act, the provisions of this article relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures of the Company.

TRANSFER OF SHARES

25.

i. The instrument of transfer of any Share in the Company shall be executed by or on behalf of both the transferor and transferee.

ii. 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.

26. The instrument of transfer shall be in writing and all provisions of Section 56 of the Act shall be duly complied with in respect of all transfer of shares and registration thereof. The instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered instrument of transfer shall remain in custody of the Company until destroyed by order of the Board. The transferor of shares shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a certificate or certificates the shares must have been delivered to the Company. Provided that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. The Company shall use a form for transfer as maybe prescribed in the Act. Provided further that, in case of transmission or transposition, where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit within 15 days from the receipt of documents or such other time period as may be prescribed under applicable law. The Company shall ensure that transmission requests are processed for securities held in dematerialized mode and physical mode within seven days and twenty one days respectively, after receipt of the specified documents, or such other period as may be prescribed under applicable law.

27. The shares in the company shall be freely transferable but subject to the following restrictions:-

Subject to the provisions of the Act, these Articles and other applicable provisions of the applicable law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. 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 except where the Company has a lien on shares.

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

TRANSMISSION OF SHARES

28.

a. 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 Shares.

b. Noting in Article (a) shall release the estate of a deceased joint holder from any liability in respect of any Shares which had been jointly held by him with other persons.

29.

a. Any person becoming entitled to Shares 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:

    i. To be registered himself as holder of the Share; or

    ii. To make such transfer of the Shares as the deceased or insolvent member could have made.

b. 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 Shares before his death or insolvency.

30.

i. If the person so becoming entitled shall elect to be registered as holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

ii. If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing a transfer of the Share.

iii. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares 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.

31. A person becoming entitled to a Share 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 Shares, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

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, 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, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

32. If a Member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued

33. The notice aforesaid shall:

a. 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

b. 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.

34. 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.

35.

i. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

ii. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

36.

i. 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 to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the Shares.

ii. 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.

37.

i. 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.

ii. The Company may receive the consideration, if any, given for the share on any sale 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.

iii. The transferee shall thereupon be registered as the holder of the share.

iv. 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 or disposal of the share.

38. The provisions of the Articles on 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.

ALTERATION OF CAPITAL

39. The Company may, from time to time, by ordinary resolution increase the Share Capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

40. Subject to the provisions of Section 61 of the Companies Act, 2013, the Company may, by Ordinary Resolution:

a. Increase its authorised share capital by such amount as it thinks expedient;

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 existing Shares or any of them into Shares of smaller amount than is fixed by the Memorandum;

e. Cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

41. Where Shares are converted into stock:

a. The holder of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

b. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (expect participation in the dividends and profits the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

c. The Articles of the Company as may be applicable to paid-up Shares shall apply to stock and the words "Share" and "Shareholder" in the Articles shall include "stock" and "stock-holder" respectively.

42. The Company may, by Special Resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law:

a. Its Share Capital;
b. Any capital redemption reserve account; or
c. Any Share premium account.

CAPITALISATION OF PROFITS

43.

a. The Company in General Meeting may, upon the recommendation of the Board, resolve:

i. That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

ii. That such sum be accordingly set free for distribution in the manner specified in Article (b) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

b. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article (c), either in or towards:

i. Paying up any amounts for the time being unpaid on any shares held by such members respectively;

ii. Paying up in full, unissued shares 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-Article (i) and partly in that specified in sub-Article (ii);

iv. A securities premium account and a capital redemption reserve account may, for the purposes of this Articles, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

v. The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

44.

a. Whenever such a resolution as aforesaid shall have been passed, the Board shall:

i. Make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

ii. Generally do all acts and things required to give effect thereto.

b. The Board shall have power:

i. To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable infractions; and

ii. 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 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;

c. Any agreement made under such authority shall be effective and binding on such members.

45. **DEMATERIALIZATION OF SECURITIES**

i. **Option to dematerialise Securities**:

Notwithstanding anything contained in the Articles, the Company may in accordance with the provisions of the Depositories Act, 1996, be entitled to dematerialise its securities and to offer the same for the Shareholders of the Company present and future (subscription in a dematerialised form) and on the same being done, the Company shall maintain a Register of Members holding various securities both in material and dematerialised form in any media as permitted by law including any form of electronic media, either in respect of existing shares or any shares either by itself or agency appointed for the purpose.

ii. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. The Beneficial Owner of the securities may at any time opt out of holding the securities with a Depository, in the manner provided by the Depositories Act, 1996; and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificates of Securities.

iii. Securities in Depositories to be held in Fungible form:

All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 89 and 186 of the Companies Act, 2013 shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

iv. Rights of Depositories and Beneficial Owners:

(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 security on behalf of the Beneficial Owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his / her securities which are held by a Depository.

v. Service of documents:

Notwithstanding anything contained in the Act or the Articles to the contrary, where securities are held in 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.

vi. Transfer of Securities:

Nothing contained in Section 56 of the Companies Act or the Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

vii. Allotment of Securities dealt with in a Depository:

Notwithstanding anything contained in the Act or the Articles, where securities are dealt with by a Depository, the Company shall immediately intimate the details of allotment of such securities to the Depository.

viii. Distinctive numbers of securities held in a Depository:

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

ix. Register and index of beneficial owners:

The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act, 1996 shall be deemed to be the corresponding Register and Index of Members and Security holders for the purpose of the Articles.

Subject to the provisions of Section 88 of the Companies Act, 2013 and rules made thereunder, a Company may keep in any country outside India, a part of the Register of Members as referred to in sub-section (1), called "foreign register" containing the names and particulars of the Members, debenture holders, other security holders or Beneficial Owners residing outside India.

BUY BACK OF SHARES

46. Nothing withstanding anything contained in these articles but subject to the provisions of Section 68 to Section 70 of the Companies Act, 2013 and any other application provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

GENERAL MEETINGS

47. All general meetings other than Annual General Meeting shall be called Extraordinary General Meeting.

48. The Board may, whenever it thinks fit, call an Extra Ordinary General Meeting.

49. A Notice of the General Meeting, including Annual General Meeting, shall be given at least twenty one days prior to the date of the General Meeting (unless a shorter period consented by not less than 95% of the members entitled to vote at that meeting) specifying the place, day and the hour of the meeting and the general nature of business to be transacted therein shall be given to such persons entitled to receive them, in accordance with the Articles, Memorandum and the Act.

50. Notice will be deemed to have been sent if they are sent either in writing or through electronic mode to the members who are entitled to receive such notice.

51. A General Meeting of the Company may be called by the Managing Director or by the Board.

52.
   a. 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.

   b. The quorum for the general meetings shall be:

      i. five Members personally present if the number of Members as on the date of meeting is not more than one thousand;
      ii. fifteen Members personally present if the number of Members as on the date of meeting is more than one thousand but up to five thousand;
      iii. thirty Members personally present if the number of members as on the date of the meeting exceeds five thousand;

53. The Chairman, if any, of the Board shall preside as chairperson at every General Meeting of the Company.

54. If there is no such chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect

one of their members to be chairperson of the meeting.

55. If at any meeting no director is willing to act as chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be chairperson of the meeting.

ADJOURNMENT OF MEETING

56.

i. The chairperson may, with the consent of Members at any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

ii. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

iii. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

iv. Save as aforesaid, and as provided in Section 103 of the Companies Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

57. Subject to any rights or restrictions for the time being attached to any class or classes of Shares:

a. On a show of hands, every Member present in person shall have one vote; and

b. On a poll, the voting rights of Members shall be in proportion to his Share in the paid-up equity Share Capital of the Company.

58. A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Companies Act and shall vote only once.

59.

a. 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.

b. For this purpose, seniority shall be determined by the order in which the names stand in the register of Members.

60. 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.

61. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

62. 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.

63.

a. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

b. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

64. 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-of-attorney 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, or, in the case of a poll, not less than 24 hours

before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

65. An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Companies Act, 2013.

66. 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:

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.

BOARD OF DIRECTORS

67. Unless otherwise determined by the Company in General Meeting the number of Directors of the Company shall not be less than three or more than fifteen including the nominee directors, additional directors or alternate directors, if any.

68. The first Directors of the Company were:

(a) Mr. Sudarshan Kumar Maini
(b) Mrs. Reva Maini

69.

a. The remuneration of the Directors shall, in so far as it consists of monthly payments, be deemed to accrue on a daily basis.

b. 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 or any committee thereof or General Meetings of the Company; or

ii. In connection with the business of the Company.

70. Subject to approval of the Shareholders by way of special resolution in the first general meeting of the Company post listing and trading of the Equity Shares on one or more stock exchanges, for so long as and until Paragon holds 10% or more of the issued and paid-up equity share capital of the Company ("**Paragon Nominee Threshold**"), Paragon shall be entitled to nominate 1 (One) Director (the "**Paragon Director**") to the Board; and (ii) the Promoters shall be entitled to appoint 3 (Three) Directors (the "**Promoter Directors**") to the Board. The Board will also comprise such number of independent Directors as prescribed under Applicable Law ("**Independent Directors**"). For the avoidance of doubt, Paragon shall cease to have the right to appoint the Paragon Director under these Articles once the shareholding of Paragon falls below the Paragon Nominee Threshold notwithstanding that Paragon's shareholding subsequently increases to or beyond the Paragon Nominee Threshold.

71. Each of Paragon and the Promoters shall have the right to replace and/or remove their respective nominee Directors at any time and from time-to-time from the Board and to fill vacancies on the Board that may be created otherwise in respect of these nominee Directors. Each of Paragon and the Promoters shall be entitled to appoint alternate Directors for any of their respective nominee Directors, in accordance with Applicable Law.

72. The Directors shall be eligible to retire by rotation in accordance with Section 152(6) of the Companies Act, 2013.

73. The Board may pay all expenses incurred by the Directors in registering the Company.

74. The Company may exercise the powers conferred on it by Section 88 of the Companies Act, 2013 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of Section 88 of the Companies Act, 2013) make and vary such regulations as it may think fit respecting the keeping of any such

register.

75. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

76. Every Director present at any meeting of the board or of a committee thereof shall sign his name in a book to be kept for that purpose.

77.

i. Subject to the provisions of Section 149 of the Companies Act, 2013, 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.

ii. 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.

iii. Subject to provisions of the Act, the Board shall have the power to appoint a chief executive officer, chief financial officer, chief accounts officer, chief operating officer, chief security officer, president and vice president of the Company.

iv. Subject to the provisions of Section 161 of the Companies Act, 2013, the Board shall also have power to fill a casual vacancy in the Board. Any Director so appointed shall hold office only so long as the vacating Director would have held the same if no vacancy had occurred.

v. Any financial institution which gives or agree to give any loan or other form of financial assistance to the Company may, if the agreement in respect of such loan or such financial assistance to the Company may, if the agreement in respect of such loan or such financial assistance so stipulates, nominate representative on the Board of Director. Such Director(s) shall cease to be the Director(s) upon repayment of such loan or expiry of the term stipulated in the agreement for termination of such rights of nomination. Such nominating body may, from time to time remove its nominee(s) and appoint another nominee or nominees in their place and while holding such office such nominees shall not be liable to retirement by rotation.

vi. As and whenever a special director vacates office, whether upon request aforesaid or by death resignation or otherwise, the person, firm, corporation or body who appointed such Special Director may appoint any other Director in his place. The Special Director may at time by notice in writing to the Company resign his office. Subject as aforesaid the Special Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Directors of the Company.

PROCEEDINGS OF THE BOARD

78.

i. The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

ii. A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

79.

i. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

ii. In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

80. 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.

81.

i. The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

ii. If no such chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their numbers to be Chairperson of the meeting.

82.

i. 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.

ii. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

83.

i. A committee may elect a Chairperson of its meetings.

ii. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

84.

i. A committee may meet and adjourn as it thinks fit.

ii. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

85. All acts done in any meeting of the Board or of a committee 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, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

86. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

KEY MANAGERIAL PERSONNEL

87. Subject to the provisions of the Act,—

i. A chief executive officer, manager, company secretary or 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 or chief financial officer so appointed may be removed by means of a resolution of the Board;

ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

88. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

BORROWING

89. The Board may from time to time, but with such consent of the Members in the General Meeting as may be required, raise any moneys or sums money for the purpose of the Company, provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company bankers in the ordinary

course of business shall not without the sanction of the Members at a General Meeting exceed the aggregate of the paid up capital of the company and its free reserve, that is to say reserve not set apart for any specific purpose. Subject to the provisions of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment by the issue of debentures perpetual or otherwise including debentures convertible into shares of the Company or any other company or perpetual mortgage, pledge or charges the whole or any part of the property assets or revenue of the Company present or future including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase redeem or pay off any such securities.

Provided that every resolution passed by the company in General Meeting in relation to the exercises of the borrowing power as stated above shall specify the total amount up to which moneys may be borrowed by the Board.

90. The Directors may by a resolution at a meeting of the Board delegate its power to borrow money, as stated above, otherwise than by issue of debentures, to a committee of Directors within the borrowing limits, as may be prescribed.

91. Subject to the Article 85 and 86 of the Articles, the Directors may from time at their discretion raise or borrow or secure the repayment of any sum or sums of money for the purpose of the Company at such time and they think fit. And in particular by promissory notes or by opening current accounts or by receiving deposits and advance with or without security or by the issue of bonds perpetual or redeemable debentures of debenture stock 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 goods or other property and securities of the Company or by such other means as to them may seem expedient.

92. Any debenture, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a special resolution.

THE SEAL

93.

i. The Board shall provide for the safe custody of the Seal, if any.

ii. The Seal of the Company, if any, shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two Directors and of the company secretary or such other person as the Board may appoint for the purpose; and those two Directors and the company secretary or other person aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

DIVIDENDS AND RESERVES

94. The Company in the General Meeting may declare Dividends, but no dividend shall exceed the amount recommended by the Board.

95. Subject to the provisions of Section 123 of the Companies Act, 2013, the Board may from time to time pay to the Members such interim Dividends as appear to it to be justified by the profits of the Company.

96.

a. The Board may, before recommending any Dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

b. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

97.

a. 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, but if and so long as nothing is paid upon any of the Shares in the Company, Dividends may be declared and paid according to the amounts of the Shares.

b. No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Articles as paid on the Share.

c. 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.

98. 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.

99.

a. Any Dividend, interest or other monies payable in cash in respect of shares may be paid 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.

b. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

100. 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.

101. Notice of any Dividend that may have been declared shall be given to the persons entitled to Share therein in the manner mentioned in the Act.

102. No Dividend shall bear interest against the Company.

103. No unclaimed dividend shall be forfeited and the same shall be dealt with in accordance with the provisions of Section 124, 125 and 126 or other provisions, if any, of the Act as may be applicable, from time to time. Pursuant to section 124, where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account". 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 fund known as Investor Education and Protection Fund established under section 125 of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law. However, if it remains unclaimed / unpaid for a period of seven years from the date of transfer, or period beyond the specified under the Act, the same shall be transferred to Investor Education and Protection Fund.

ACCOUNTS

104.

i. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of Members not being Directors.

ii. No Member (not being a Director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

iii. Subject to provisions of the Act, no Member shall be entitled to inspect the Company's books without permission of the Board or to require any information in relation to the Company's trading or any other matter which may relate to the conduct of the business of the Company and, which in the opinion of the Board, will not be in the interest of the Members of the Company to communicate to the public.

WINDING UP

105. Subject to the provisions of Chapter XX of the Companies Act, 2013 and rules made there under:

i. If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in-specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

ii. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

iii. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any Shares or other securities whereon there is any liability.

INDEMNITY

106. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

PART B

107 **OVERRIDING EFFECT AND INTERPRETATION**

107.1. The provisions of this Part B shall govern the rights and obligations of the Shareholders and as long as this Part B remains a part of these Articles, in the event of any conflict or inconsistency between the provisions of Part A and the provisions of this Part B, the provisions of this Part B shall prevail over the provisions of Part A to the extent permitted under the Act and applicable laws.

107.2. All cross references made in this Part B shall apply to Articles of this Part and not Part A.

108 **DEFINITIONS AND INTERPRETATION**

In these Special Articles, the following words and expressions, unless inconsistent with the context, shall bear the meanings assigned hereto:

"**Act**" means the Companies Act, 1956 read with the notified clauses of the Companies Act, 2013, as amended from time to time and shall include any statutory replacement or re-enactment thereof.

"Affiliate", with respect to: (a) a Person (other than an individual), means any Person who, Controls, is Controlled by or is under common Control with such Person; and (b) a Person (who is an individual), means any Person who is Controlled by or is under common Control with the individual, a Relative of such individual and a Person who is Controlled by or under common Control with a Relative of such individual.

Without limiting the generality of the foregoing, Affiliate in relation to each of the Investors includes: (a) any fund, collective investment scheme, trust, partnership (including any co-investment partnership), special purpose or other investment vehicle, in which an Investor is a general partner, limited partner, significant shareholder, investment manager or advisor, settlor, member of a management or investment committee or trustee or beneficiary; (b) any general partner of the Investor; and (c) any fund, collective investment scheme, trust, partnership (including, any co-investment partnership), special purpose or other investment vehicle in which any general partner of the Investor is a general partner, significant shareholder, investment manager or advisor, settlor, member of a management or investment committee or trustee.

"**Affirmative Vote Items**" means a reference to the Investor Protection Matters listed in Article 110.11.

"**Applicable Law**" means all statutes, enactments, acts of legislature or parliament, ordinances, rules, bye-laws, regulations, notifications, policies, directions, directives and orders as such are in effect as of the date hereof or as may be amended, modified, enacted or revoked from time to time hereafter or other governmental restrictions or any similar form of decision of, or determination by any government, statutory authority, tribunal, board, court having jurisdiction over the matter in question in India, or any recognized stock exchange(s) on which the Shares may be listed, having the force of law.

"**Articles**" means this articles of association of the Company as amended from time to time including these Articles.

"**Assets**" shall mean assets or properties of every kind, nature, character and description (whether immovable, movable, tangible, intangible, absolute, accrued, fixed or otherwise), including cash, cash equivalents, receivables, real estate, plant and machinery, equipment, Proprietary Rights, raw materials, inventory, furniture, fixtures and insurance.

"**As If Converted Basis**" means a calculation assuming that all Dilution Instruments existing at the time of determination have been exercised or converted into Shares, excluding any options issued or reserved for issuance under any stock option plan or scheme by whatever name called of the Company.

"**Big Four Accounting Firms**" means KPMG, PwC, EY and Deloitte.

"**Board**" means the board of Directors of the Company, as constituted from time to time.

"**Business**" means the business of the Company of manufacturing, as per customer specific drawings, and supplying, high precision mechanical components, assemblies and sub-assemblies to the automotive, industrial, defence and aerospace sectors.

"**Business Day**" means any day other than Saturday, Sunday or any day on which banks in Mumbai, India and Bengaluru, India are generally closed for regular banking business.

"**Business Plan**" shall have the meaning ascribed to it under the Series B SSA.

"**Buy Back Price**", subject to Applicable Law, means the higher of (a) the Minimum Exit Price; and (b) the Fair Market Value, of the Shares to be bought back by the Company.

"**Claim**" means a demand, claim, action or proceeding made or brought by or against a Party, however arising and whether present, unascertained, immediate, future or contingent.

"**Company**" shall mean and include Maini Precision Products Limited, a company incorporated under the laws of India, having its registered office at B-165, 3rd Cross, 1st Stage, Peenya Industrial Estate, Bengaluru- 560058, Karnataka, its successors and permitted assigns.

"**Competitor**" shall mean a "Competitor" as defined under the Shareholders' Agreement.

"**Control**" (including, with its correlative meanings, the terms "Controlled by" or "under common Control with") means (a) the possession, directly or indirectly, either by itself or together with other Related Parties, of the power to direct, influence or cause the direction of management and policies of a Person whether through the ownership of voting securities, by agreement or otherwise or the power to elect more than half of the directors; or (b) the possession, directly or indirectly, either by itself or together with other Related Parties, of a voting interest or shareholding in excess of 50% (fifty per cent) in a Person.

"**Dilution Instruments**" means and includes any Shares, securities, rights, options, warrants or arrangement (whether oral or in writing) which are convertible into or entitle the holder to acquire or receive any Shares of the Company, or any rights to purchase or subscribe to Shares or securities by their terms convertible into or exchangeable for Shares; excluding any arrangement (whether oral or in writing) binding the Company pursuant to which a bank or a financial institution is entitled to convert any amount due to it into Shares upon default by the Company, and assuming that such default has not occurred as of the relevant date.

"**Director**" means a director of the Company from time to time.

"**Drag Along Right**" shall mean the right available under Article 116.7, and includes a right to cause a Drag Sale in accordance with the terms of these Articles.

"**Encumbrance**" means (a) any form of legal or equitable security interest in the nature of any mortgage, assignment of receivables, debenture, lien, charge, pledge, title retention, right to acquire, lease, sub-lease, license, voting agreement, security interest, hypothecation, option, right of first refusal, restrictions or limitation, purchase agreement, any preference arrangement (including title transfers and retention arrangements or otherwise); or (b) any other encumbrance or similar condition whatsoever or an agreement to do any of the foregoing or any other arrangements having similar effect.

"**Equity Shares**" means the equity shares with voting rights of face value of INR 2 (Indian Rupees two) of the Company.

"**Exit Right**" shall mean an individual reference to any or all of the Investors' rights as set out in Article 116 and "**Exit Rights**" shall mean a collective reference to the same.

"Fair Market Value" means value of the Company determined by an independent investment banker of repute appointed jointly by the Company and the Investors. In the event the Company and the Investors cannot mutually agree on an independent investment banker of repute, then each of the Promoters and Investors shall appoint an independent investment banker of repute to determine the fair market value and each Party shall bear the expenses and fees of the investment banker it appoints. If there is a difference of 15% (fifteen percent) or less in the fair market value determined by the two independent investment bankers then the fair market value of the Investor Securities will be the average of the two values determined by the independent investment bankers. If there is a difference of more than 15% (fifteen percent) in the fair market value determined by the two independent investment bankers, then the two appointed independent investment bankers shall jointly discuss the situation with the Promoters and the Investors to arrive at a resolution, failing which the investment bankers will jointly select another investment banker of repute (whose fees shall be paid jointly by the Promoters and Investors), who shall determine which of the two differing values represents the fair market value of the Company.

"Financial Year" means the year commencing on the first day of April and ending on the last day of March of the next calendar year.

"**Fully Diluted Basis**" means a calculation assuming that all Dilution Instruments existing at the time of determination have been exercised or converted into Equity Shares.

"**Governmental Authority**" means (a) the government of India or the government of any state or other political subdivision thereof in India; (b) any other governmental or quasi-governmental or statutory or regulatory authority, agency, department, board, commission or instrumentality of India or of any state or political subdivision thereof including without limitation the Reserve Bank of India; or (c) any court, tribunal, judicial or quasi-judicial authority of competent jurisdiction in India or any arbitration tribunal (including a sole arbitrator).

"**Indebtedness**" of any Person means all indebtedness including (a) all obligations of such Person for borrowed money or with respect to advances of any kind; and (b) all binding indemnity, guarantees and sureties by such Person whether in connection with such borrowing or advances.

"**INR**", "**Rupees**" or "**Rs**." means Indian rupees, the lawful currency of India for the time being.

"**IRR**" means the specified rate of return compounded annually to be received by the Investors pre-Tax and pursuant to the investment of the relevant Investment Amount, sufficient to cause the Investors to have received, as of the date of determination, an aggregate pre-Tax internal rate of return of such specified rate per annum on the relevant Investment Amount invested by the Investors. For such purposes, the IRR shall be calculated using the "xIRR" function and using the relevant Investment Amount invested by the Investors as the investment "out-flows", with dividends, redemption value, interest, all receipts in cash and kind (other than any payments related to indemnity), securities (valued at the value ascribed to such securities at the time of receipt by the Investors) and liquidation proceeds of the Company distributed to the Investors as "in-flows". The IRR calculated shall be net of the expenses incurred by the Investors in course of exercise of an Exit Right.

"**Investment Amount**" means the Series A Investment Amount and, or the Series B Investment Amount, as the context may so require.

"**Investment Exit Date**" means April 30, 2022 or the Qualified IPO, whichever is earlier.

"**Investors**" means Paragon and NewQuest.

"**Investor Consent**" means the prior written consent of the Investor Majority.

"**Investor Equity Shares**" means a collective reference to such number of Equity Shares having a face value of INR 10/- (Indian Rupees ten) acquired by the Investors pursuant to the Series A SPA and currently held by them.

"**Investor Majority**" means (i) for the period before the Investment Exit Date, the holders of the majority of the Investor Securities on a Fully Diluted Basis and (ii) for the period on or after the Investment Exit Date, each holder of Investor Securities that (together with its Affiliates) holds at least 5% (five percent) of the paid-up equity capital of the Company on a Fully Diluted Basis.

"**Investor Protection Matters**" shall mean a collective reference to actions listed in Article 124 and accordingly "**Investor Protection Matter**" shall mean any of the matters listed in Article 124.

"**Investor Securities**" means a collective reference to the Shares held by the Investors including the Equity Shares to be issued upon conversion of any Preference Shares held by them, and includes such Shares as may be acquired by the Investors from time to time.

"**Key Employee(s)**" shall have the meaning ascribed to the term under the Series B SSA.

"**Liquidation Event**" means (a) merger, demerger, acquisition, change of Control, sale of Shares (including Strategic Sale and Drag Sale) or other transaction or series of transactions (excluding a Qualified IPO) in which the Company's Shareholders as on the Series B Closing will not, (i) retain a majority of the voting power of the surviving entity, or (ii) Control the board of directors of the surviving entity (except as contemplated in Article 0); (b) liquidation, dissolution or winding up (whether voluntary or involuntary) of the Company, (c) an Exit under Article 116 (other than a Liquidity IPO or pursuant to the Put Option), and (d) a sale, lease, license or other transfer of all or substantially all the Company's Assets.

"**Merchant Banker**" shall mean a category I SEBI registered merchant banker as defined under the relevant SEBI (Merchant Bankers) Regulations, 1992.

"**Minimum Exit Price**" means a price that provides the Investors with a return upon an exit that is an amount equivalent to:

(a) the Series A Investment Amount;
(b) The Series B Investment Amount together with an IRR of 20% on the Series B Investment Amount.

"**Minimum Shareholding**" shall mean at least 5% (five percent) of the paid-up equity capital of the Company on a Fully Diluted Basis. In computing the Minimum Shareholding, the shareholding of the Investors shall be taken into account together with the Transferees of the Investor Securities, except if the Transferees are Promoters.

"**NewQuest**" means **NEWQUEST ASIA INVESTMENTS II LIMITED**, a private company limited by shares incorporated under the laws of Mauritius and having its registered office at c/o Trident Trust Company (Mauritius) Limited, 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius (which expression shall unless be repugnant to context or meaning thereof be deemed to mean and include its successors and permitted assigns).

"**Notice**" means a notice in writing and the terms "**Notify**" or "**Notification**" shall be construed accordingly.

"**Ordinary Course of Business**" means an action, event or circumstance that is recurring in nature and/or is taken in the ordinary course of the Company's normal day-to-day operations, and:

(i) taken in accordance with sound and prudent business practices; and

(ii) similar in nature and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal day-to-day operations of other Persons that are engaged in businesses similar to the Person's business.

"**Other Shareholder**" means a Shareholder of the Company other than the Promoters and the Investors and includes Vippen Sareen, son of Mr. Mangal Sain Sareen, residing at 280, Rajmahal Vilas Extension, Bangalore-560080; Arun Rajagopalan, son of Mr. Rajagopalan, residing at 311 Kensington, 3 Kensington Road, Ulsoor, Bangalore-560042; Amit Giriraj Mohatta, residing at A9 / 1, Crimson Dawn Apartments, Nava India, Coimbatore – 641004, Maini Family Trust, having its office at No. 38, Maini Sadan, 7^{th} Cross, Lavelle Road, Bangalore, and One-Up Financial Consultants Pvt Ltd, having its registered address at Plot No. 47, Master's, Hatkesh CHS, 7th NS Road, JVPD Scheme, Vile Parle (West), Mumbai -400049, and shall include their respective heirs, successors, administrators and permitted assigns (*as applicable*).

"**Paragon**" means **PARAGON PARTNERS GROWTH FUND - I**, a unit scheme of Paragon Partners Growth Fund, a contributory determinate trust established under the Indian Trusts Act, 1881, of which Milestone Trusteeship Services Private Limited is the trustee and acting through its investment manager, Paragon Advisor Partners LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008 and having its corporate office at Unit 901, Grande Palladium, 175 CST Road, Kalina, Santacruz (E), Mumbai – 400098, India (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns).

"**Person**" means any natural person, limited or unlimited liability company, corporation, partnership (whether limited or unlimited), proprietorship, Hindu undivided family, trust, union, association, society, co-operative society, Governmental Authority or any other entity that may be treated as a Person under Applicable Law.

"**Preference Shares**" shall mean Series A CCPS and Series B CCPS.

"**Promoter(s)**" means the promoters of the Company being Sandeep Kumar Maini, Gautam Maini and Chetan Kumar Maini

"**Promoter Dispute**" means (a) where the Promoters (either themselves or through the Promoter Directors) do not vote *en bloc* at a board meeting or a Shareholders meeting, or (b) the Promoters initiate any litigation or regulatory action against or involving each other.

"**Pro Rata Share**" means that portion of the Dilution Instruments that equals the ratio that (i) the number of Dilution Instruments owned by the relevant Shareholder (measured on an Fully Diluted Basis) bears to (ii) the total number of Equity Shares of the Company then outstanding (measured on a Fully Diluted Basis) while excluding from such calculations the Dilution Instruments to be issued by the Company at the time of making such calculation. As an example to aid interpretation only:

No. of Dilution Instruments held by Shareholder X	100
Total number of Equity Shares then outstanding (measured on an a Fully Diluted Basis)	1000
No. of new Dilution Instruments offered	500
Pro Rata Share of Shareholder X	(100/1000)*500 = 50

"Proprietary Rights" means and includes collectively or individually, the following worldwide rights relating to intangible property, whether or not filed, perfected, registered or recorded and whether now or hereafter existing, filed, issued or acquired: (a) patents, patent applications, patent disclosures, patent rights, including any and all continuations, continuations-in-part, divisions, re-issues, re-examinations, utility, model and design patents or any extensions thereof; (b) rights associated with works of authorship, including without limitation, copyrights, copyright applications, copyright registrations; (c) rights in trademarks, trademark registrations, and applications therefor, trade names, service marks, service names, logos, or trade dress; (d) rights relating to the protection of trade secrets and confidential information; and (e) internet domain names, internet and world wide web (WWW) URLs or addresses; (f) mask work rights, mask work registrations and applications therefor; and (g) all other intellectual, information or proprietary rights anywhere in the world including rights of privacy and publicity, rights to publish information and content in any media.

"**Public Offer**" means a public offering of the Shares on any Stock Exchange whether in the form of a primary issuance or an offer for sale or a combination of a primary issuance and an offer for sale and includes a Qualified IPO or a Liquidity IPO.

"**Qualified IPO**" means the date on which the Equity Shares of the Company are listed and traded on one or more of the Stock Exchanges pursuant to the Offer.

“**Relative**” means a relative as defined under Section 2(77) of the Act.

“**SEBI**” means the Securities and Exchange Board of India as set up by the Securities and Exchange Board of India Act, 1992.

“**Series A CCPS**” means collective reference to the Series A compulsorily convertible cumulative preference shares having a face value of INR 10/- (Indian Rupees ten), and having such terms as set out in these Articles, and includes any Equity Shares issued to the holders thereof upon conversion of the Series A CCPS.

“**Series A First Closing Date**” means August 19, 2016, being the first closing date under the Series A SSA.

“**Series A Investment Amount**” shall mean a cumulative reference to the amounts invested by the Series A Investors pursuant to the Series A SSA and the Series A SPA for subscribing to, and/or acquiring, the Series A CCPS and Equity Shares, currently held by them.

“**Series A Investors**” means Paragon and NewQuest.

“**Series A Pre Money Equity Valuation**” means INR 3,276,192,531.93 (Indian Rupees Three Billion Two Hundred and Seventy Six Million One Hundred and Ninety Two Thousand Five Hundred and Thirty One and ninety-three paise).

“**Series B CCPS**” means collective reference to such number of Series B compulsorily convertible cumulative preference shares having a face value of INR 10 (Indian Rupees Ten) and a share premium of INR 390 (Indian Rupee Three Hundred and Ninety) to be issued to the Investors and having such terms as set out in these Articles, and includes any Equity Shares issued to the holders thereof upon conversion of the Series B CCPS.

“**Series B Closing Date**” for the purpose of these Articles means the ‘Closing Date’ as defined in the Series B SSA.

“**Series B Investment Amount**” shall mean the amount invested by the Investors pursuant to the Series B SSA for subscribing to the Series B CCPS, as currently held by them.

“**Series B Post Money Equity Valuation**” means INR 6,750,000,000 (Indian Rupees Six Billion Seven Hundred and Fifty Million).

“**Series B SSA**” means the share subscription agreement dated July 10, 2019 executed among the Investors, the Promoters and the Company.

“**Significant Shareholding**” shall mean at or above 12.5% (twelve point five percent) of the share capital of the Company on a Fully Diluted Basis. In computing the Significant Shareholding, the shareholding of the Investors shall be taken into account together with the Transferees of the Investor Securities, except if the Transferees are Promoters.

“**Shareholder(s)**” mean the Persons whose names are entered in the register of members of the Company.

“**Shareholders’ Agreement**” means the shareholders’ agreement dated July 10, 2019 executed among the Investors, the Promoters, the Other Shareholders and the Company, as amended from time to time in accordance with the provisions hereof, and shall include all the schedules, annexures and exhibits thereto.

“**Shares**” means all classes of shares in the capital of the Company issued from time to time, together with all rights, differential rights, obligations, title, interest and claim in such shares and shall be deemed to include all bonus shares issued in respect of such shares and shares issued pursuant to a stock split in respect of such shares.

“**Stock Exchange**” means the National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Nasdaq, SGX or New York Stock Exchange or such other recognized stock exchange.

“**Strategic Sale**” means a transaction as contemplated in Article 116.1 that enables the Investors to fully dispose of all their then existing shareholding respectively in the Company which ensures that the Investors realise their respective Minimum Exit Price and includes an amalgamation or merger or sale of Shares or sale of Assets of the Company.

“Subsidiary” shall be construed in accordance with the Act.

“**Taxes**” means all income and other taxes, levies, stamp duty, rates, imposts, duties, deductions, cesses, dues, charges and withholdings whatsoever imposed by any Governmental Authority having power to tax and all penalties, fines, surcharges, interest, assessments, or additions to tax resulting from, attributable to or incurred in connection with any such tax or contest or dispute thereof, or other payments on or in respect thereof and “**Tax**” and “**Taxation**” shall be construed accordingly.

"**Three Percent Threshold**" means such number of Series A CCPS and Investor Equity Shares which constitute 3.00% (three percent) ownership in the post Upside Event(s) equity share capital of the Company on a Fully Diluted Basis.

“**Transfer**” (including the terms “**Transferred**” and “**Transferability**”) shall mean to directly or indirectly, transfer, sell, assign, Encumber in any manner, place in trust (voting or otherwise), exchange, gift or transfer by operation of law or in any other way subject to any Encumbrance or dispose of, whether or not voluntarily.

“**Transaction Documents**” mean the Shareholders’ Agreement, the Series B SSA, the Articles, employment agreements executed with the Key Employees, and all other agreements and documents that may be executed by the parties pursuant thereto and identified as such by the parties.

"**Upside Event(s)**" means one or more transactions in which the Investors receive (or are entitled to receive in accordance with Article 117.5) the Upside on a sale of their Shares or the economic benefit therein (in full or part) whether by way of a Public Offer, sale of Shares or otherwise.

“**Upside Sharing Agreements**” shall collectively mean the agreement executed between the holders of the Series A CCPS and the Promoters in accordance with Article 1177.

109 **INFORMATION AND INSPECTION RIGHTS**

109.1. **Reports and Information.** Unless otherwise agreed to in writing between the Parties, as long any Investor holds at least 5% (five per cent) of the Company on a Fully Diluted Basis, such Investor and/or its Authorized Representative (*defined below*) shall be entitled to receive, from the Company in a format acceptable to the Investor:

109.1.1 the audited annual financial statements, including profit and loss accounts, balance sheet and cash flow statements within 60 (sixty) days of the end of the relevant Financial Year;

109.1.2 minutes of the meeting of the Board, any of its committees and Shareholders within 7 (seven) Business Days of the meeting;

109.1.3 annual operating budget at least 30 (thirty) days prior to the beginning of the next Financial Year;

109.1.4 monthly income statements and monthly operating/financial statements within 5 (five) Business Days of the end of each calendar month;

109.1.5 unaudited quarterly financial statements, including cash flow statements within 10 (ten) Business Days of the end of each financial quarter;

109.1.6 monthly statement of all Related Party transactions within 5 (five) Business Days of the end of each calendar month;

109.1.7 in its quarterly Board meetings, a compliance report comprising of the updates on the statutory compliances including provident fund, employee state insurance corporation, service tax and all foreign investment related compliances. Additionally, any Investor may periodically request the Company for any other compliance updates, as it may deem necessary, provided that the costs incurred for preparing such compliance updates by the Company, should they be significant will be discussed between the Company and such Investor; and

109.1.8 all other information including those relating to the Business, financial position, business plans, capital expenditure budgets and management reporting information, as may be requested by the Investors, from time to time, with reasonable Notice to the Promoters and the Company.

109.2. **Minimum Information Rights.** Unless otherwise agreed to in writing between the Parties, in the event the shareholding of an Investor falls below 5% (five per cent) of the Company on a Fully Diluted Basis, such Investor and/or its Authorized Representative shall be entitled to receive, from the Company in a format acceptable to the Investor:

109.2.1. the audited annual financial statements, including profit and loss accounts, balance sheet and cash flow statements within 60 (sixty) days of the end of the relevant Financial Year;

109.2.2. unaudited quarterly financial statements, including cash flow statements within 10 (ten) Business Days of the end of each financial quarter; and

109.2.3. a quarterly compliance report comprising of the updates on the statutory compliances including provident fund, employee state insurance corporation, service tax and all foreign investment related compliances.

109.3. **Inspection Rights.** Unless otherwise agreed to in writing between the Parties, in addition to the information and materials to be provided in accordance with Article 109.1 and 109.2, the Company shall, subject to the provisions of Article 109.3 and 109.4, permit the Investors and/or their respective duly authorized representatives ("**Authorized Representative**"), during normal business hours to visit and inspect the offices of the Company in a manner so as not to disrupt the day to day operations of the Company. Provided that until the earlier of (a) the Investment Exit Date and (b) occurrence of a Material Breach subject to Cure Period, the Authorized Representative shall not be a Competitor. Provided further that in the event the Investors intend to exercise their right under this Article 109.3, they will be required to issue a prior Notice of at least 2 (two) Business Days to the Company for such inspection. The Investors intending to exercise this right or its Authorized Representatives will be entitled to inspect the Company's material contracts, financial accounts and supporting documents, as applicable and the Company will provide suitable access to the same. The Company shall render co-operation and provide such necessary authorizations as may be required. The Investors shall also have a right to consult with and receive information, documents and material about the Business and operations of the Company from the Company and the Promoters. Provided if the Authorized Representative is a Competitor, such Authorized Representative shall not have access to information which is in the nature of proprietary information, including but not limited to trade secrets, technical know-how, drawings, designs, specifications, plans, customers, vendors, operations or any other information which is considered critical to the Company's business, such as costing of products, pricing strategy, marketing strategy, costing systems unless such Authorized Representative has entered into a term sheet / letter of offer with an Investor and/or the Company.

109.4. **Potential Third Party Acquisitions.** In the event the inspection is in connection with a potential acquisition of any of the Shares of any of the Investors by a Person other than the Promoters as disclosed by the Investors to the Promoters, the Investors intending to exercise this right or its Authorized Representatives will be required to issue a prior Notice of at least 5 (five) Business Days and will be entitled to inspect the Company's material contracts, financial accounts and supporting documents, as applicable provided that such inspection is conducted during normal business hours and in a manner so as not to disrupt the day to day operations of the Company. The Investors shall not be required to Notify the Promoters that the inspection is in connection with a potential acquisition of Shares referred to above upon the earlier of (a) expiry of the Investment Exit Date and (b) occurrence of a Material Breach subject to Cure Period. The Company shall render co-operation and provide such necessary authorizations as may be required by the Investors including but not limited to the relevant information, documents and material about the Business and operations of the Company from the Company and the Promoters. The Promoters shall, where required, suitably facilitate such consultation.

110 BOARD, MANAGEMENT AND RELATED MATTERS

110.1. **Composition and size of the Board.** The Board of the Company shall consist of not more than 10 (ten) members who shall be appointed in the manner specified in this Article 11010 Notwithstanding anything to the contrary contained herein, the Investors shall have the right to appoint at least 2 (two) Directors to the Board or such number of Directors as are in proportion their shareholding in the Company on a Fully Diluted Basis as long as they hold the Significant Shareholding, 1 (one) Director to the Board as long as they hold the Minimum Shareholding but less than the Significant Shareholding and will cease to have any rights to appoint a Director to the Board if their shareholding in the Company falls below the Minimum Shareholding.

110.2. **Directors.** The composition of the Board of the Company shall be determined as follows:

110.1.1 Paragon shall be entitled to nominate 1 (One) Director (the "**Paragon Director**") to the Board for so long as and until Paragon holds 10% or more of the issued and paid-up equity share capital of the Company ("**Paragon Nominee Threshold**") and the Promoters shall be entitled to appoint 3 (Three) Directors (the "**Promoter Directors**") to the Board. The Board will also comprise such number of independent Directors as prescribed under Applicable Law ("Independent Directors"). Paragon shall cease to have the right to appoint the Paragon Director once the shareholding of Paragon falls below the Paragon Nominee Threshold notwithstanding that Paragon's shareholding subsequently increases to or beyond the Paragon Nominee Threshold.

110.1.2 Each of Paragon and the Promoters shall have the right to replace and/or remove their respective nominee Directors at any time and from time-to-time from the Board and to fill vacancies on the Board that may be created otherwise in respect of these nominee Directors. Each of Paragon and the Promoters shall be entitled to appoint alternate Directors for any of their respective nominee Directors, in accordance with Applicable Law.

110.1.3 The Directors shall be eligible to retire by rotation in accordance with Section 152(6) of the Companies Act, 2013.

110.1.4 The chairman of the Board shall be appointed by the Board, and the chairman shall not have second or a casting vote.

110.3. **Committees of the Board.** The Company shall endeavour to achieve best practices in corporate governance as may be decided by the Board. The Board may set up such committees as the Board may deem fit from time to time. 1 (one) of the Investor Directors will be entitled to be appointed as a member of all such committees subject to the Investors maintaining the Minimum Shareholding. Notwithstanding the foregoing, 2 (two) Investor Directors will be entitled to be appointed as members of the audit committee of the Board in the event the Investors hold Significant Shareholding after the Investment Exit Date.

110.4. Observer. As long as the Investors maintain a Minimum Shareholding, the Investors shall be entitled to appoint 1 (one) observer to the Board ("Observer"), who shall be an employee or advisor of either (i) Paragon Advisor Partners LLP or (ii) any of the Investors. The Observer shall be entitled to attend and speak at all meetings of the Board or committees thereof. The Observer shall not be considered for quorum. The Observer shall not be entitled to vote with respect to any resolution proposed to be passed at a Board meeting.

110.5. **Alternate Directors.**

110.5.1. The Investors shall be entitled to seek the appointment, removal or substitution of any Person in place of an Investor Director, from time to time, to act as an alternate Director to the Investor Director ("**Investor Alternate Director**"). The appointment of Investor Alternate Director shall be made only during the absence of any Investor Director from the state in which the meetings of the Board are ordinarily held and such appointment shall cease once the Investors cease to hold the Minimum Shareholding. The Board shall ensure that the Person nominated by the Investors is appointed as the Investor Alternate Director immediately upon Notification by the Investors. The Company shall within 21 (twenty one) days of Notification in this regard complete all corporate and regulatory formalities regarding the appointment, removal or substitution of the Investor Alternate Director, and provide copies of all resolutions and filings to the Investors.

110.5.2. The Investor Alternate Director shall be considered for the constitution of quorum, subject to the Investors maintaining the Minimum Shareholding, and shall be entitled to attend and vote at such meetings in place of the Investor Director and generally perform all functions of the Investor Director in his absence. Upon the appointment of the Investor Alternate Director, all Notices and other materials that are circulated to the Directors shall also be circulated to the Investor Alternate Director.

110.6. **Non-Executive Status and Indemnification.**

110.6.1. The Investor Directors and/or the Investor Alternate Director(s), as the case may be, shall be non-executive directors of the Company and shall not be involved in the day-to-day management and operations of the Company. The Investor Directors and Investor Alternate Directors shall not be identified as officers in charge/default of the Company or occupiers of any premises used by the Company or an employer of the employees, except as specifically required under Applicable Laws. Further, to the extent permissible under Applicable Law, the Promoters and the Company shall ensure that other Directors or suitable persons are nominated as officers in charge/ default and for the purpose of statutory compliances, occupiers or employers, as the case may be, in order to ensure that the Investor Directors and Investor Alternate Directors do not incur any liability, whether actual or contingent, present or future, quantified or un-quantified, except as specifically required under Applicable Laws. Accordingly, notwithstanding anything to the contrary in these Articles, the Company shall indemnify and hold the Investor Directors and the Investor Alternate Directors harmless at all times from all Claims and liabilities to the maximum extent permitted under Applicable Laws and in accordance with these Articles. The Investor Directors or the Investor Alternate Directors shall unless otherwise agreed by the Investors not retire by rotation and such Directors shall not be required to hold any qualification Shares.

110.7. **Board Meetings.**

110.7.1. Every Board meeting of the Company shall be conducted at such times and in such manner as provided under the Applicable Law. The Company shall issue a prior written Notice as required under the Applicable Laws to all Directors.

110.7.2. Each Notice of a Board meeting of the Company shall contain, *inter alia*, an agenda specifying in reasonable detail, as determined by the Board, the matters to be discussed and shall be accompanied by all necessary written information and documents. Subject to Article 110.11 (*Affirmative Vote Items*) and Article 120.11 (*Alteration of Articles*), with the consent of the majority of the Board (including the Investor Directors), the Board may consider any matter not circulated in the agenda. The Directors may participate in meetings of the Board through video-conference or telephonic conference in accordance with Applicable Law if such facility is made available by the Company at the venue of the meeting of the Board. The quorum and other requirements applicable to Board meetings shall also apply to such meetings undertaken by audio – video participation.

110.7.3. All expenses including travel, hotel and other related expenses incurred by either 2 (two) Investor Directors, or 1 (one) Investor Director and 1 (one) Observer, for attending meetings of the Board and/or its committees shall be borne by the Company subject to the limit of such costs being approved by the Board for every year, which limit shall not be less than the limit approved for the previous year. There shall be no sitting fees payable to the Investor Directors.

110.8. **Quorum.** Unless otherwise agreed to in writing between the Parties and subject to the Applicable Law and the other provisions of this Article 110.8 and subject to the Investors maintaining the Minimum Shareholding, the quorum for all meetings of the Board shall always include at least 1 (one) Investor Director or Investor Alternate Director, as the case may be, at the beginning of, and throughout, the meeting unless otherwise agreed by the Investors in writing. If the quorum is not present within half an hour of the scheduled time of the meeting, the meeting shall stand adjourned to the 7th (seventh) day from such date at the same location and time. If such day is not a Business Day, the meeting shall be held on the next Business Day. In the event the Investor Directors or any Alternate Director to the Investor Director(s) is absent from Board meeting, the adjourned meeting and the second adjourned meeting (convened and adjourned in accordance with this Article 11010) and the meetings are held in Bangalore, any 2 (two) Directors present at such adjourned meeting shall constitute the quorum for such meeting, provided that the provisions of Article 110.11 (*Affirmative Vote Items*) and Article 120.11 (*Alteration of Articles*) shall be complied with, if any such matter is taken up for discussion at such adjourned meeting, and no business or items which was not a part of the agenda of the original non-quorate meeting shall be dealt with at the adjourned meeting except with the consent of the Investor Directors.

110.9. **Resolutions.** Subject to Article 110.11 (*Affirmative Vote Items*) and Article 120.11 (*Alteration of Articles*), a decision shall be said to have been made and/or a resolution passed at a Board meeting only if it is at a validly constituted meeting and such decision and/or the resolution is approved by a majority of the Directors present (physically or through any other means permissible by Applicable Law) and voting at such Board meeting.

110.10. **Circular Resolutions.** Subject to Applicable Law, no resolution shall be deemed to have been duly passed by the Board or a committee thereof by circulation or written consent, unless the resolution has been circulated in draft, together with the information and documents, not being less than the information and documents required under Applicable Law to make a fully-informed decision with respect to such resolution, if any, to all the Directors (including Investor Alternate Directors), or to all members of the relevant committee, as the case may be, at their usual address. Unless otherwise agreed to in writing between the Parties, an Affirmative Vote Item shall not be taken up for discussion or voted upon unless Investor Consent has been obtained for including such matter in the agenda of the circular resolution. Provided that no business concerning any of the Affirmative Vote Items and alteration of Articles shall be approved except as specified in Article 110.11 (*Affirmative Vote Items*) and Article 120.11 (*Alteration of Articles*). Notice relating to circular resolutions shall be circulated to all Directors (including Investor Alternate Directors).

110.11. **Affirmative Vote Items.**

110.11.1. **Investor Protection Matters.** Unless otherwise agreed to in writing between the Parties, in the event any Investor Protection Matter is proposed to be discussed at a Board, committee or Shareholders meeting, the same must be included in the agenda of the meeting that is circulated prior to such meeting, together with the draft resolutions in relation to Investor Protection Matters that are proposed to be passed. Subject to Article 110.8 and Article 110.12, and subject to the Investors maintaining the Minimum Shareholding, any resolution of the Board or a committee thereof and any resolution of the Shareholders relating to an Investor Protection Matter, shall require Investor Consent (either received by the Company in writing, or through an Investor Director voting at a Board or committee meeting or through a duly appointed nominee of the Investors voting at a Shareholders meeting). If an Investor or an Investor Director in their/his discretion determines that a matter/ resolution should be taken up at a Shareholders meeting, the Board shall call for a Shareholders meeting to discuss the relevant matter/resolution.

110.11.2. Unless otherwise agreed to in writing between the Parties and subject to Article 110.8 and Article 110.12, in the event any decision and/or resolution is effected without complying with the provisions of this Article, (a) such decision or resolution shall not be valid or binding on any Person including the Company; and (b) the Company shall not take any action pursuant to such decision or resolution unless Investor Consent is obtained for the same.

110.11.3. The Company and the Promoters shall provide all further necessary and relevant information and materials, if any as may be requested by the Investors, to enable the Investor Majority to make a decision relating to the Investor Protection Matters.

110.12. **Shareholders Meetings**. A general meeting of the Shareholders shall be convened by serving a Notice to all the Shareholders in accordance with the Applicable Laws, with an explanatory statement as required containing all relevant information relating to the agenda for the general meeting; provided that a general meeting may be convened by a shorter Notice with the consent of such number of shareholders as required under Applicable Law.

110.12.1. Unless otherwise agreed to in writing between the Parties, subject to Article 110.12.2 and subject to the Investors maintaining the Minimum Shareholding, the quorum for a meeting of the Shareholders shall include an authorized representative of the Promoters and an authorized representative of the Investors, as the case may be, present at the beginning of, and throughout, the meeting.

110.12.2. If a valid quorum is not present for any meeting of the Shareholders, the meeting shall be adjourned to the 7th (seventh) day from such date at the same location and time. If such a day is not a Business Day, the meeting shall be held on the next Business Day. If at such adjourned meeting also, no valid quorum is present, then the Shareholders present at such adjourned meeting (not being less than the number required under the Act) shall be deemed to constitute a valid quorum and the Company may proceed to discuss and decide on the matters on the agenda and any decisions so taken shall be binding on all the Shareholders. Provided that (a) no business or items not being part of the agenda of the original meeting shall be dealt with in such adjourned meeting; (b) no business concerning any of the Affirmative Vote Items shall be approved except as specified in Article 110.11 (*Affirmative Vote Items*) of these Articles; and (c) no business concerning any of the alteration of Articles shall be approved except as specified in Article 120.11 (*Alteration of Articles*).

110.12.3. Subject to the foregoing, in an annual general meeting of the Company ("**AGM**") held after providing notice of at least 45 (forty five) days, the presence of the Investors' representative or nominee will be required as long as the Investors maintain the Minimum Shareholding. However, in no event shall the Investors presence be required, if only the following matters are taken up at such AGM: (1) consideration of financial statements and the reports of the Board of Directors and auditors as approved by the Board; (2) appointment of Directors to the Board in place of those retiring provided that such appointment is in accordance with these Articles; (3) appointment of, and the fixing of the remuneration of, the auditors provided that such appointment/fixing of remuneration is in accordance with these Articles; and (4) declaration of any dividend provided that such dividend has been decided is in accordance with these Articles.

110.13. **Exercise of Rights.** The Promoters, Other Shareholders and the Company shall take such action as may be necessary (including exercising their votes at Shareholders meetings, Board meetings or any committees thereof) to give effect to the provisions of, and to comply with their obligations under the Transaction Documents.

110.14. **Directors and Officers Liability Insurance.**

110.14.1. Subject to Applicable Law, the Company shall procure and maintain suitable and customary directors and officer's liability insurance cover from a reputed insurance company for the Directors, for an amount of at least INR 112.50 crores per incident on terms reasonably acceptable to Paragon and the Promoters, who have nominated directors pursuant to the terms of the Shareholders' Agreement. The amount of the insurance cover stated herein above can be increased by the Board depending on the growth of the business of the Company and other circumstances.

110.14.2. Subject to the provisions of and to the extent permitted by Applicable Law, each current and former Director shall be indemnified to the fullest extent permitted by Applicable Law, out of the Assets of the Company against any liability incurred by him in the execution or discharge of his duties or the exercise of his powers or otherwise in connection with his duties, powers or office. Termination of the Shareholders' Agreement, for any reason whatsoever, shall not affect the indemnification obligations of the Company as set out under these Articles.

110.14.3. The Company shall and Promoters shall cause the Company, at all times, to obtain, at reasonable cost, as determined by the Board, key person insurance for members of the senior management/ Key Employees, for such amount and on such terms, as approved by the Board.

110.15. **Applicability.** Unless otherwise agreed to in writing between the Parties, the rights of the Investors set out in this Article 11010 shall also extend to any of the Subsidiaries or Controlled joint venture entities and shall always be exercised by the Investors through the Company. When the Company or the Promoters vote or otherwise convey their decisions to the Company's Subsidiaries or Controlled joint venture entities in respect of the matters contained set out in Article 110.11 (*Affirmative Vote Items*) and Article 120.11 (*Alteration of Articles*), it shall do so only with Investor Consent, subject to the Investors maintaining the Minimum Shareholding. The Investors shall exercise these rights at their sole discretion. For the purpose of this Article 110.15, the word 'Control' shall mean the possession of economic interest, voting interest or shareholding in excess of 50% (fifty per cent) in a Person or the power to elect more than half of the directors in such Person.

111. **SHAREHOLDING ADJUSTMENT**

Pursuant to the adjustments contemplated under clause 6 of the Series A Shareholders' Agreement and subject to any further adjustments as contemplated under these Articles, the Conversion Price for the Series A CCPS is INR 130.70, being (A) the aggregate subscription amount invested by the Investors for subscribing to the Series A CCPS pursuant to the Series A SSA, divided by (B) the total number of Equity Shares issuable upon conversion of such Series A CCPS at the Series A Conversion Ratio.

112. **FURTHER ISSUE OF SHARES AND PRE-EMPTIVE RIGHT**

112.1. **General.** Unless otherwise agreed to in writing between the Parties, subject to (a) the valuation protection contained in Article 12525 and (b) Applicable Law, in the event the Company proposes to issue any Dilution Instruments, such issue of Dilution Instruments being approved in accordance with Article 110.11 (*Affirmative Vote Items*), the Company shall offer such Dilution Instruments to the Investors in the manner set out in Article 112.2. The Company will not be required to comply with the requirements of this Article

11212 in respect of Dilution Instruments offered (a) pursuant to an employee stock option or purchase plan approved by the Investors, (b) pursuant to a bonus issuance made to all Shareholders in accordance with the provisions of the Act; and (c) with Investor Consent or waiver of the anti-dilution rights by the Investor Majority ("**Exempted Issuance**"). Each Investor will have a right to subscribe up to its Pro Rata Share of the Dilution Instruments offered in its sole discretion and shall also have the right to subscribe to any Dilution Instruments unsubscribed by the other Investors pro rata to their Shareholding in the Company on a Fully Diluted Basis. Thereafter, the Company may offer the Dilution Instruments which still remain unsubscribed, to any third party(ies) in accordance with Article 112.2. In the event that the Dilution Instruments (other than any Dilution Instruments which are part of an Exempted Issuance) so offered are issued at a price less than the relevant applicable Conversion Price, the holders of Series A CCPS, Series B CCPS and, or the holders of Investor Equity Shares, as the case may be, shall be entitled to the rights provided to them under Article 1255 (Anti-Dilution Protection). In the event any Dilution Instruments are offered to other Shareholders (including the Promoters), they shall not be entitled to subscribe to any Dilution Instruments exceeding their Pro Rata Share without Investor Consent. The other Shareholders (except the Investors) shall not be entitled to renounce their right to subscribe to any Dilution Instruments in favour of any Person without Investor Consent in the event of any further issuance of Dilution Instruments being made under section 62(1)(a) of the Companies Act, 2013. The Investors, in the event of any further issuance of Dilution Instruments being made under section 62(1)(a) of the Companies Act, 2013 shall not be entitled to renounce their right to subscribe to any Dilution Instruments in favour of a Competitor until the earlier of (a) the Investment Exit Date and (b) occurrence of a Material Breach subject to Cure Period.

112.2. **Procedure.** Unless otherwise agreed and subject to Applicable Laws, the offer of new Dilution Instruments shall be made in the manner set forth in this Article 112.2.

112.2.1. The Company shall deliver a written Notice ("**Offer Notice**") to the Investors stating: (a) its intention to offer such new Dilution Instruments; (b) the number of such new Dilution Instruments to be offered; (c) the price and terms, if any, upon which it proposes to offer such new Dilution Instruments; (d) the time period for subscribing to such new Dilution Instruments; and (e) for reference, each Investor's Pro Rata Share of the Dilution Instruments.

112.2.2. By Notification to the Company within 30 (thirty) days after receipt of the Offer Notice ("**Acceptance Period**"), each Investor may elect to subscribe to all or part of its Pro Rata Share of the Dilution Instruments at the price and on the terms specified in the Offer Notice ("**Acceptance**"). If any Investor chooses not to subscribe to its Pro Rata Share of the Dilution Instruments, the remaining Investors shall communicate their intention to subscribe to such unsubscribed Dilution Instruments. Within 45 (forty five) days of communication of Acceptance, the Investors shall remit the entire subscription amount for the Dilution Instruments accepted by such Investors to be subscribed and the Company shall issue such Dilution Instruments to be subscribed to, within 7 (seven) days of receipt of such subscription amount.

112.2.3. Thereafter, the Company may during the 120 (one hundred and twenty) days period following the expiration of the period provided in Article 112.2.2, offer such Dilution Instruments which have not been subscribed to in accordance with Article 112.2.2, to any third party or parties, who has or have been approved by the Board, at a price not less than, and upon same terms specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the Dilution Instruments, which have been offered to and refused by the Shareholders within such period, or if such agreement is not consummated within 30 (thirty) days of the execution thereof, the right provided under this Article 11212 shall be deemed to have revived and such Dilution Instruments shall not be offered unless first reoffered to the Investors in accordance with Article 11212.

112.3. **Assignment.** The Investors shall be entitled to renounce in keeping with the provisions of the Act, or assign in whole or in part, their right to subscribe to the Dilution Instruments or such other alternate instrument that the Investors are entitled to subscribe to their respective Affiliates or to any fund with whose manager Paragon Advisor Partners LLP has a written advisory agreement. The terms and conditions for the issuance of the Dilution Instruments or such other alternate instruments referred to in this Article 11212 shall be as decided by the Board.

112.4. **Alternate Instruments.** Unless otherwise agreed to in writing between the Parties, the right of the Investors to subscribe to Dilution Instruments shall extend to such other alternative instrument as may be issued in the event of any regulatory restriction barring an Investor from subscribing to the Dilution Instruments so offered. The terms of such alternate instrument shall be approved by the Board and shall have received

Investor Consent prior to any issuance of the Dilution Instruments. The manner and timing of the issuance of such alternate instruments shall be determined by the Board with Investor Consent.

113. **RESTRICTIONS ON TRANSFER OF SHARES**

113.1. **Lock-in.**

113.1.1. Unless otherwise agreed to in writing between the Parties, the Promoters and Other Shareholders shall not, without Investor Consent and subject to Article 11414 below, sell or otherwise Transfer or part with any portion of their shareholding in the Company in whatever form, until the Company completes a Qualified IPO ("**Lock-In**"). Provided that this restriction shall not apply to Transfer of any Promoter's Shares; (a) to spouse and/or children only; (b) solely for estate planning or Tax purposes; (c) inter se the Promoters; or (d) in the event the Investors cease to hold the Minimum Shareholding.

113.1.2. Subject to the foregoing, no Transfer by any Promoter or Other Shareholder shall be at a price which values the Company at less than the Series B Post Money Equity Valuation.

113.1.3. Subject to the Applicable Law, the provisions of these Articles and the Shareholders' Agreement, the Company shall not register any Transfer or Encumbrance in respect of the Shares owned by the Promoters in violation of the aforesaid undertaking.

113.1.4. The exceptions mentioned in Article 113.1 shall also apply to Article 11414 and Article 1155.

113.2. **Transfer by the Investors.** Unless otherwise agreed to in writing between the Parties, and notwithstanding anything contained in these Articles but subject to the provisions of Article 113.4, at no time shall there be any restriction on the Transfer of Shares by the Investors with or without rights attached to such Shares. The Company and the Promoters shall do all reasonable acts and deeds as may be necessary to give effect to any Transfer of such Shares including continuing the representations, warranties and indemnities, and providing any representations, warranties and indemnities with respect to the business and operations of the Company, as may be reasonably required by the Transferee provided that the indemnification obligations of the Indemnifying Parties to the Indemnified Parties (as provided under the Transaction Documents) shall not extend beyond the Sunset Period (as defined under the Transaction Documents). The Promoters and the Company shall facilitate and co-operate with any such Transfer, including any due diligence, that may be conducted by a proposed purchaser and provide all necessary information relating to the Company to such purchaser. The Investors will be entitled to assign all or any of their rights under the Transaction Documents with or without the Transfer of Shares held by them, subject to the provisions of Article 1177.

113.3. **Transfer by Investors to Affiliates**. Unless otherwise agreed to in writing between the Parties, the Investors may at any time and from time to time during the subsistence of the Shareholders' Agreement acquire any new Shares or other securities offered to them by the Company and/or the Promoters under the provisions of the Shareholders' Agreement and/or Transfer any existing Shares or other securities held by it to one or more of its Affiliates, subject to such Affiliate executing a Deed of Adherence and subject to the provisions of Article 113.4.

113.4. **No Sale to Competitors.**

Unless otherwise agreed to in writing between the Parties, the Investors shall not Transfer any of their Shares or rights under the Shareholders' Agreement to a Competitor until the earlier of (a) the Investment Exit Date or (b) occurrence of a Material Breach subject to Cure Period.

113.5. **Deed of Adherence.** Unless expressly provided in these Articles, no Transfer of Shares by any Shareholder including a Promoter or Investor under these Articles shall be complete and effective unless the purchaser of the securities from such Shareholder executes a Deed of Adherence incorporating the applicable principles specified in Article 12323 and agreeing to be bound by the terms of the Shareholders' Agreement and these Articles in accordance therewith, unless such purchaser is already a party to the Shareholders' Agreement.

113.6. **No indirect avoidance.** The Transfer restrictions in these Articles shall not be capable of being avoided by the holding of Shares indirectly through an entity that can itself be sold in order to indirectly dispose of an interest in the Shares free of such restrictions. The provisions of the Transaction Documents including the restrictions, if any, applicable to the Investors shall not be capable of being avoided by the holding of Shares indirectly through an Affiliate.

114. **RIGHT OF FIRST REFUSAL**

Unless otherwise agreed to in writing between the Parties, the Other Shareholders shall first offer their Shares to the Promoters and the Investors pro rata to their inter se shareholding on an As If Converted Basis, following the procedure set out in Article 114.1 as if the Other Shareholder is the 'Selling Shareholder' and the Investors and Promoters are the 'ROFR Holders'.

Subject to Article 11313 (*Restrictions on Transfer of Shares*) and Article 0, if one or more of the Promoters decide(s) to Transfer ("**Selling Shareholder**") any Shares held by such Selling Shareholder ("**Sale Shares**") to any Person then such Selling Shareholder shall irrevocably grant the Investors ("**ROFR Holders**") a right to purchase all or part of the Sale Shares pro-rated to the shareholding of each ROFR Holder on an As If Converted Basis (and including the right to purchase all or part of the Sale Shares unpurchased by the other ROFR Holders), at the same price and on the same terms and conditions as those offered to such Person ("**Right of First Refusal**").

114.1.**Procedure.**

114.1.1. Upon a Selling Shareholder receiving a proposal from any Person (hereinafter the "**Proposed Transferee**") for purchase of Shares held by such Selling Shareholder, which the Selling Shareholder intends to accept ("**Proposal**"), the Selling Shareholder shall immediately Notify the ROFR Holders and the Company of the Proposal ("**Transfer Notice**"). The Transfer Notice shall set forth the name and other material particulars of the Proposed Transferee, the number of Sale Shares, the price per Sale Share and other terms of the Transfer and an undertaking from the Selling Shareholder(s) stating that the offer is bona fide. The Proposal and any other document executed by the Selling Shareholder and/or the Proposed Transferee, including a term sheet (whether binding or non-binding by whatever name called) in relation to the Proposal shall also be annexed to the Transfer Notice. The Selling Shareholder shall ensure that such term sheet explicitly states that such transaction is subject to the Right of First Refusal and Tag Along Right.

114.1.2. The ROFR Holders may exercise the Right of First Refusal by a written Notice to the Selling Shareholder(s) within 30 (thirty) days of receipt of the Transfer Notice ("**Acceptance Notice**"). If any ROFR Holder exercises its Right of First Refusal, the Selling Shareholder(s) shall be bound to sell the number of Sale Shares that such ROFR Holder intends to purchase and such number of Sale Shares shall be purchased within a period of 30 (thirty) days from the date of the receipt of the Acceptance Notice.

114.1.3. The failure of any ROFR Holder to deliver an Acceptance Notice within 30 (thirty) days of the receipt of the Transfer Notice will be deemed to be a rejection of the Right of First Refusal of such ROFR Holder. Upon the expiry of the period under 114.1.2, if the Right of First Refusal has not been exercised on all Sale Shares, then the Selling Shareholder(s) may Transfer such Sale Shares upon which the Right of First Refusal has not been exercised to the Proposed Transferee, subject to (a) complying with the provisions of Article 1155 (*Tag Along Right*) below, (b) the Transfer being at a price not lower than the price per Share, and on terms and conditions no more favourable than those, specified in the Transfer Notice, (c) the Transfer being completed within the time period specified in Article 115.5.

114.1.4. If any ROFR Holder does not complete the purchase of the Shares in respect of which it has delivered an Acceptance Notice within the time period mentioned in Article 114.1.2, the Selling Shareholders shall be entitled to sell such Sale Shares which were to be sold to the defaulting ROFR Holder, without complying with the provisions of Article 1155 below. Provided that the Selling Shareholder shall complete the sale within the time period provided in Article 115.5, failing which the provisions of Article 115.5 will apply.

114.1.5. In the event that any ROFR Holder does not exercise the Right of First Refusal, then the Selling Shareholder shall comply with the provisions of Article 1155 (*Tag Along Right*) below prior to Transfer of any Sale Shares to the Proposed Transferee.

114.1.6. The rights enumerated under Article 11414 shall be available to the Investors only if the Investors hold the Minimum Shareholding at the time it exercises such rights.

115. TAG ALONG RIGHT.

115.1. Unless otherwise agreed to in writing between the Parties, upon the expiry of the period under Article 114.1.2, if the Right of First Refusal has not been exercised by any ROFR Holder(s), such ROFR Holder(s) ("**Tag Offered Parties**") will have the right, but not the obligation, to require the Selling Shareholder to ensure that the Proposed Transferee (provided that the Proposed Transferee is not an Investor) purchases up to a pro rata number of Shares (in proportion to the number of Shares being offered to the Proposed Transferee based on its shareholding in the Company) held by the Tag Offered Parties, on the same terms and conditions specified in the Transfer Notice (the "**Tag Along Right**"). If the Proposed Transferee is an Investor, the Tag Offered Parties shall not be entitled to exercise the Tag Along Right.

115.2. If the Tag Offered Parties desire to exercise their Tag Along Right, they must give the Selling Shareholder a written Notice along with the details of number of Shares they propose to Transfer ("**Tag Along Shares**") to that effect within 30 (thirty) days of the receipt of Transfer Notice, and upon giving such Notice, the Tag Offered Parties shall be deemed to have effectively exercised the Tag Along Right. If the Tag Offered Parties exercise the Tag Along Right, the Transfer of the Sale Shares by the Selling Shareholder to the Proposed Transferee shall be conditional upon such Proposed Transferee acquiring the Tag Along Shares simultaneously with the acquisition of the Sale Shares in accordance with this Article 0, on the same terms and conditions set forth in the Transfer Notice, provided that the Tag Offered Parties shall (a) not be required to give any representations and warranties for such Transfer, except those basic representations and warranties relating to the title of the Tag Along Shares held by them, authority to enter into the proposed transaction; and, (b) at the option of the Tag Offered Parties, be entitled to receive the cash equivalent of any non-cash component of the consideration received by the Selling Shareholder(s).

115.3. The Tag Along Shares shall be Transferred to the Proposed Transferee simultaneously with the Transfer of the Sale Shares.

115.4. To the extent that Tag Offered Parties exercise the Tag Along Right in accordance with the terms and conditions set forth in Article 1155, the number of Sale Shares that the Selling Shareholder may sell in the proposed Transfer shall be correspondingly reduced.

115.5. **Fresh Compliance.** Subject to compliance with Article 114.1 and this Article 1155 if any proposed Transfer is not consummated by the Selling Shareholder(s) within a period of 60 (sixty) days from the date of delivery of the Transfer Notice, the Selling Shareholder(s) may sell any of the Sale Shares only after complying afresh with the requirements laid down under Article 114.1 and Article 1155.

115.6. **Transfer resulting in a Change in Control.** Subject to Article 110.11(*Affirmative Vote Items*), if any Transfer of Shares by one or more Selling Shareholders, in a single transaction or a series of related transactions, results in a change of Control in the Company, or in the event that the Proposed Transferee wishes to acquire a majority of the share capital of the Company on an As If Converted Basis (including Shares already held by the Proposed Transferee, if any, or its Affiliates), then the Investors shall be entitled to sell up to all of the Shares held by it as on the date of such Transfer as a part of such Transfer, on the same price and on the same terms, but subject to liquidation preference as set out in Article 118.8, Article 126.6 and Article 126.7.

115.7. **Failure to Comply.** Any Transfer made in violation of the requirements prescribed under these Articles shall be null and *void ab initio*.

115.8. **Investors Liquidity Priority**. The covenants set forth in Article 112.12 (*Further Issue of Shares and Pre-emptive Right*), Article 113.13 (*Restrictions on Transfer of Shares*), Article 114.14 (*Right of First Refusal*), Article 115.5 (*Tag Along Right*) and Article 1188 (*Liquidation Preference*) are intended to ensure that the Investors are able to achieve liquidity with respect to their investment in the Company in priority to the Promoters and other Shareholders. Accordingly, the Promoters shall not attempt to avoid the provisions of Article 11212 (*Further Issue of Shares and Pre-emptive Right*), Article 11313 (*Restrictions on Transfer of Shares*), Article 114.14 (*Right of First Refusal*), Article 115.5 (*Tag Along Right*) and Article 118.8 (*Liquidation Preference*) or achieve liquidity in any alternate manner either through the creation of intermediate entities or other structuring / restructuring of their interests in the Company.

116. **EXIT**

The Company and the Promoters shall make best efforts to provide a partial or complete exit to the Investors on or before the Investment Exit Date in the manner and on the terms as provided in this Article 116 (**Exit**).

116.1. **Qualified IPO.** The Company and the Promoters shall make best efforts to provide a partial or complete Exit to the Investors by way of Qualified IPO on or before the Investment Exit Date.

116.2. **Strategic Sale.** The Company and the Promoters shall use their best efforts to provide an Exit to the Investors by undertaking a Strategic Sale, prior to the Investment Exit Date. The valuation for a Strategic Sale offered to the Investors by the Company and the Promoters should be more than the Fair Market Value of the Company. If the Company undertakes a Strategic Sale, the Promoters and the Company shall deliver a Notice to the Investors (the "**Strategic Sale Notice**") setting out (a) the exact nature of the transaction proposed; (b) identity of the purchaser; (c) time required to close; and, (d) such other material terms of the Strategic Sale as the Investors might request.

A Strategic Sale shall be subject to the following conditions:

116.2.1. The Investors shall be entitled to participate in the Strategic Sale in priority to all the Shareholders of the Company;

116.2.2. The Investors shall not be required to provide any representations and warranties for such Strategic Sale, except those relating to title to its Shares, the legal standing of the Investors and representations and warranties to its power, authority and capability to transfer its Shares free of all Encumbrances;

116.2.3. If the Strategic Sale is by way of stock swap then the Investors will be entitled to receive the value of the stock of the third party entity that will enable the Investors to receive a return, as acceptable to the Investors; and

116.2.4. The costs and expenses of the Strategic Sale (including stamp duties and all Taxes other than Taxes on net income of the recipient) shall be borne by the third party purchaser.

116.3. **Liquidity IPO.** If the Company and the Promoters have failed to provide an Exit by the Investment Exit Date, the Investor Majority, at any time after the Investment Exit Date, shall have the right, without prejudice to its rights under these Articles, to require the Company to, and the Company shall, list the Shares of those Investors who wish to participate in the Exit, on any Stock Exchange, through an offer for sale or fresh issue of Shares or such other manner as requested by the Investor Majority ("**Liquidity IPO**"), at a final issue price per Share and other terms as determined by the Investor Majority. The Promoters shall do all things necessary to support such an offer and if required by the Investor Majority offer such number of Shares held by them for listing as may be necessary.

116.4. **General IPO Terms.** Any Public Offer shall include or be subject to the following terms:

116.4.1. the Promoters shall not withhold approval, and shall do all acts and deeds reasonably required to effectuate the Public Offer;

116.4.2. The Company and the Selling Shareholders shall pay the fees and expenses of the Lead Managers, and all costs, charges, fees and expenses associated with and incurred with respect to the Qualified IPO shall be shared among the Company and the Selling Shareholders, in accordance with applicable law and as specified in the engagement letter executed with the Lead Managers. It is further clarified that, all expenses incurred in effecting the Qualified IPO, excluding the listing fees payable to the Stock Exchanges, expenses in relation to product or corporate advertisements of the Company, i.e., any corporate advertisements consistent with the past practices of the Company (other than expenses in relation to the marketing and advertising undertaken specifically for the Qualified IPO), and fees for the counsel to the Company in relation to the Qualified IPO each of which will be solely borne by the Company, but including underwriting commissions, procurement commissions, if any, and brokerage due to the underwriters and sub-brokers or stock brokers, fees payable to the Self Certified Syndicate Banks, syndicate members, legal advisors (appointed by the Company) and any other agreed fees and commissions payable in relation to the Qualified IPO shall be borne by the Company and the Selling Shareholders on a pro rata basis, in proportion to the number of Equity Shares issued and allotted by the Company through the fresh issue and sold by each of the Selling Shareholders for sale through the Qualified IPO. For ease of operations, expenses of the Selling Shareholders may at the outset be borne by the Company and each Selling Shareholder shall reimburse the Company for expenses incurred by the Company on behalf of such Selling Shareholder, in relation to the for Qualified IPO, upon successful completion of the Qualified IPO in proportion of their respective portion of the Equity Shares being offered for sale in the Qualified IPO.

116.4.3. The Investors shall have the right but not the obligation to include up to 100% (one hundred per cent) of their Shares in priority to the Promoters and the other Shareholders in a Public Offer. The Promoters and other Shareholders (other than the Investors) shall offer any Shares for sale (a) as a condition for obtaining listing on any stock exchange; or (b) to ensure that minimum public holding requirements are satisfied;

116.4.4. the Public Offer will be underwritten at least to the extent required under Applicable Law;

116.4.5. the shareholding of the Investors shall not be subject to any lock-in unless specified under Applicable Law;

116.4.6. all advisors/consultants to the Public Offer including the book running lead managers, underwriters, bankers, counsel and transfer agents shall be appointed by the Board, only with Investor Consent, subject to Article 116.1;

116.4.7. the Investors shall be required to convert the Preference Shares held by them at the latest permissible time under Applicable Laws so as to not affect a Public Offer;

116.4.8. if the Shares held by the Investors are converted into Equity Shares pursuant to a proposed Public Offer and the Company fails to complete such Public Offer, as the case may be or if the Shares of the Company are not listed on recognized Stock Exchange due to any reason whatsoever within 6 (six) months from such conversion or such time as mutually acceptable to the Promoters and the Investor Majority, all the rights available to the Investors owing to their shareholding in the Company, under the Shareholders' Agreement and these Articles shall continue to be available to the Investors. The Promoters, Other Shareholders and the Company shall support any decisions and actions required by the Investors to give effect to the provisions herein contained including by exercise of their voting and other rights. The decisions and actions that the Investors may require may without limitation include:

(a) modification and/or reclassification of the Shares held by the Investors into Shares of a different class that rank in preference to the remainder of the issued, paid-up and subscribed share capital. Upon such modification and/or re-classification, the Shares held by the Investors shall, subject to Applicable Laws, have all the rights that were attached to such Shares immediately prior to the conversion referred to above;

(b) entry into any contractual arrangements for the purposes of ensuring that the rights attached to the Shares held by the Investors post such conversion are the same as those attached to the Shares held by the Investors, immediately prior to the conversion;

(c) alteration of the Articles to include all of the rights attached to the Shares held by the Investors, that were so attached immediately prior to the conversion referred to above; and,

(d) all such other measures as shall be necessary to restore the rights enjoyed by the Investors prior to conversion of their Shares, into Equity Shares.

116.5. **Buy Back.** Unless otherwise agreed to in writing between the Parties, if the Company has failed to provide an Exit by the Investment Exit Date or on occurrence of a Material Breach subject to the Cure Period and its continuance after the expiry of Cure Period in the event it is capable of being cured, the Investor Majority shall, without prejudice to its rights under these Articles, be entitled at its option by a Notice ("**Buy Back Notice**") delivered to the Company, to require an Exit by way of buy back of all or a part of the Shares held by the Investors ("**Buy Back Option**"). Such buy back can be undertaken either through one or more successive buy back offers at the Buy Back Price, subject to Applicable Laws. The Company will be bound to complete each tranche of buy back within 3 (three) months from the date of receipt of the Buy Back Notice.

116.5.1. In the event the Company does not have sufficient profits, reserves or retained earnings or is otherwise unable for any reason to buy back all of the Shares held by the Investors who wish to participate in the buy back, at the Buy Back Price in the manner detailed in this Article 116.56, the Company shall buy back the maximum number of Shares from all the participating Investors pro-rated to their shareholding in the Company, at the Buy Back Price, subsequent to which (a) the Investors can avail the buy-back rights for their remaining Shares soon upon the Company being allowed under the Applicable Laws to undertake such buy back at the Buy Back Price; or (b) the Investor Majority can exercise the Put Option with respect to the Shares held by the Investors who wish to tender their Shares for the Put Option; or (c) the Investor Majority can exercise its rights under Article 116.78 (*Drag Along Right*).

116.5.2. The Promoters and other Shareholders shall not offer any Shares held by them in any buy back offer by the Company until such time as all the Shares held by the Investors (who wish to participate in the buy back) are bought back by the Company.

116.5.3. Upon the receipt of the Buy Back Notice, the Company shall, and the Promoters shall ensure that the Company takes all reasonable steps as may be necessary to ensure that the Investors are able to effectively exercise the rights contained herein, including conversion of their respective convertible securities into Equity Shares. Such steps may include (a) obtaining statutory approvals in relation to the Company, if required; (b) passing appropriate resolutions; and (c) taking such other measures as the Investors may reasonably request.

116.5.4. The Company shall bear the cost (including taxes) incurred for the buy-back process.

116.5.5. The Company may, at its option, complete the purchase of the Shares offered for buy back by the Investors pursuant to this Article 116.56 by itself, through its Affiliates or through any other third party.

116.5.6. Until the Investor Securities are bought back, the Investors shall be entitled to exercise all the rights provided to it under these Articles regardless of the number of Investor Securities held by them and the Promoters shall be bound by all the obligations set out herein.

116.6. **Promoter Purchase.** The Investor Majority shall, at any time after the expiry of the Investment Exit Date, without prejudice to its rights under these Articles, have the right to require the Promoters to provide an exit to the Investors by purchasing, either through itself or its nominees, all the Shares held by the Investor Majority, and any other Investors who wish to sell their Shares, at the Buy Back Price ("**Put Option**").

116.7. **Drag Along Right.**

116.7.1. Unless otherwise agreed to in writing between the Parties, the following events shall be treated as events that will entitle the Investor Majority to exercise its Drag Along Right under these Articles ("**Drag Events**"):

(a) a petition for bankruptcy has been filed by a creditor for default in making any payments due by the Company and such petition has not been dismissed, stayed or if admitted, not vacated within 9 (nine) months of such petition being filed or within 3 (three) hearings (where arguments have been advanced) of the matter, whichever is earlier; or

(b) occurrence of a Material Breach subject to the Cure Period and its continuance after the expiry of Cure Period in the event such Material Breach is capable of being cured; or,

(c) failure of the Company to provide an exit to the Investor within 12 (twelve) months of the expiry of the Investment Exit Date.

116.7.2. **Drag Sale.** Upon occurrence of a Drag Event, without prejudice to its rights under these Articles, the Investor Majority ("**Initiating Investors**") shall have the right, but not the obligation ("**Drag Along Right**"), to compel the other Shareholders (including the Promoters but excluding any Investor) (the "**Dragged Shareholders**") to either: (a) sell up to 100% (one hundred per cent) of their Shares ("**Drag Along Shares**") along with the Initiating Investors and the any Investors who wish to sell their Shares in the Drag Sale ("P**articipating Investors**") to a third party ("**New Buyer**"); (b) merge or consolidate the Company with any other entity; or (c) sell all or substantially all of the Assets or Proprietary Rights of the Company to a third party ("**Drag Sale**").

The Participating Investors shall have the right but not the obligation to sell all or part of their Shares in a Drag Sale, simultaneously with the Initiating Investors.

116.7.3. **Drag Sale Procedure.** The Initiating Investors shall determine the nature of the Drag Sale transaction and the process for accomplishment of the same. All Dragged Shareholders of the Company shall be bound to participate in such Drag Sale and shall take all necessary and desirable actions for consummation of the Drag Sale, including appointing the Initiating Investors, as their attorney-in-fact to do the same on their behalf and/or undertaking those actions set out in Article 116.7.4. If the Drag Sale is a sale of the business of the Company, following such Drag Sale, the Company shall distribute the available surplus, subject to the liquidation preference that the Investors are entitled to under these Articles, after meeting all outstanding liabilities as required by Applicable Law.

116.7.4. Upon the exercise of Drag Along Right pursuant to this Article 116.78, the Initiating Investors shall send a Notice to the Dragged Shareholders with a copy to the Participating Investors specifying the price per Share, number of Shares to be sold by the Dragged Shareholders and material terms of such purchase ("**Drag Sale Notice**"). The Dragged Shareholders shall:

(a) simultaneously with the Initiating Investors and the Participating Investors sell such number of their Shares (as determined by the Initiating Investors and set out in the Drag Sale Notice) free of any Encumbrance on terms set out in the Drag Sale Notice; and

(b) take all necessary action (including such action as may be reasonably requested of them by the Initiating Investors) to cause the consummation of such transaction, including: (i) exercising the voting rights attached to their Shares in favour of such transaction; (ii) not exercising any approval or voting rights in connection therewith in a manner contrary to the closing of the Drag Sale; (iii) appointing the Initiating Investors, as their attorney-in-fact to do the same on their behalf and/or undertaking those actions set out in this Article 116.78.

116.7.5. **Delivery of Drag Along Shares**. The Dragged Shareholders shall issue appropriate instructions to their depository participant to give effect to the Transfer in accordance with the Drag Sale Notice.

116.7.6. If a Dragged Shareholder fails, refuses or is otherwise unable to comply with its obligations in this Article 116.78, the Company shall have the authority and be obliged to designate a Person to execute and perform the necessary Transfer on such Dragged Shareholder's behalf. The Company may receive and hold the purchase consideration in trust for the Dragged Shareholder, subject to the liquidation preference available to the Investors in respect of the Shares held by them, and cause the New Buyer to be registered as the holder of the Drag Along Shares being sold by the relevant Dragged Shareholder. The receipt by the Company of the purchase consideration shall be a good discharge to the New Buyer.

116.7.7. Further, if any Dragged Shareholder fails or refuses to Transfer any Drag Along Shares after the Company has received the entire purchase money in respect of the Drag Along Shares in trust for the Dragged Shareholder in accordance with Article 116.7.67 above, the New Buyer may serve a default Notice on the relevant defaulting Dragged Shareholder and send copies of such default Notice to the Initiating Investors and the Company. Upon receipt of a default Notice (unless such non-compliance by the relevant defaulting Dragged Shareholder is remedied to the reasonable satisfaction of the New Buyer), the defaulting Dragged Shareholder shall not be entitled to exercise any of its powers or rights in relation to the Drag Along Shares of the Dragged Shareholder including voting right attached thereto or right to participate in the profits of the Company.

116.7.8. **Actions to be taken.** In the event the Initiating Investors exercise the Drag Along Right and call for a Drag Sale, then each Dragged Shareholder shall with respect to all Shares which it owns or over which it otherwise exercises voting or dispositive authority:

(a) in the event such transaction is to be brought to a vote at a Shareholders meeting, after receiving proper Notice of any meeting of Shareholders of the Company, vote on the approval of Drag Sale, as the case may be, be present, in person or by proxy, as a holder of Shares of voting securities, at all such meetings and be counted for the purposes of determining the presence of a quorum at such meetings;

(b) vote on (in person, by proxy or by action by written consent, as applicable) all Shares in favour of such Drag Sale and in opposition to any and all other proposals that could reasonably be expected to delay or impair the ability of the Company to consummate such Drag Sale;

(c) refrain from exercising any dissenters' rights or rights of appraisal under Applicable Law at any time with respect to the Drag Sale;

(d) execute and deliver all related documentation and take such other action in support of the Drag Sale as shall reasonably be requested by the Company or the Investor; and

(e) not deposit, and cause their Affiliates not to deposit any Shares owned by such Shareholder or Affiliate in a voting trust or subject any such Shares to any arrangement or agreement with respect to the voting of such Shares, unless specifically requested to do so by the New Buyer in connection with the Drag Sale.

116.7.9. **Order of Exercising Exit Rights Post Investment Exit Date.** Without prejudice to the rights of the Investors to opt for an exit by any means post the Investment Exit Date under this Article 1166, the Investors shall try to exercise their exit rights in the following order:

Sale of Shares to a third party;

Liquidity IPO;

Put Option; and

Strategic Sale.

117. SHARING OF UPSIDE

The economic benefits set out in the table below (the "**Upside**") shall be shared with the Promoters (and, or, Messrs Red Clover in accordance with Article 117.1.3) by the Investors in accordance with the provisions of this Article.

A.

S. No	Upside Threshold	Sharing of Upside
1	If the Investors receive an IRR of less than or equal to 30% (thirty percent) on their Series A Investment Amount (calculated at the relevant point in time as set out in this Article 117 provided that a minimum of 36 (thirty six) months from the Series A First Closing Date shall be taken into account)	Nil
2	If the Investors receive an IRR of more than 30% (thirty percent) on their Series A Investment Amount (calculated at the relevant point in time as set out in this Article 117 provided that a minimum of 36 (thirty six) months from the Series A First Closing Date shall be taken into account)	100% sharing by the Investors in respect of Upside Event(s) which is above the 30% (thirty percent) gross pre-tax IRR to the extent that the Promoters are compensated for the gap between the Series A Pre Money Equity Valuation and a pre money equity valuation equal to INR 3,927,923,641.27 (Indian Rupees Three Billion Nine Hundred and Twenty Seven Million Nine Hundred and Twenty Three Thousand Six Hundred and Forty One and Paise twenty-seven).
3	Post Promoters claw-back to a pre money equity valuation equal to INR 3,927,923,641.27 (Indian Rupees Three Billion Nine Hundred and Twenty Seven Million Nine Hundred and Twenty Three	From the pre-tax IRR amounts received by the Investor(s) over and above the 30% (thirty percent) and after the Promoters claw-back (as referred to in serial no. 2 above in this table), the sharing by the Investors will be in the ratio of 70:30 between the Investors and the Promoters.

S. No	Upside Threshold	Sharing of Upside
	Thousand Six Hundred and Forty One and Paise twenty-seven).	

The Parties hereby acknowledge and agree that the obligations of the Parties under Article 117.1 (**Sharing of Upside**) will be consummated prior to the filing of red herring prospectus with the Registrar of Companies, Karnataka at Bangalore.

117.1.**Mechanics of Sharing the Upside**

117.1.1. The sharing of the Upside shall be effected by way of an adjustment to the Series A Conversion Ratio of the Series A CCPS and, or an adjustment to the Series B Conversion Ratio of the Series B CCPS, as elected by the Investors and, subject to the provisions set out in this Article 117.

117.1.2. In the event the Investors do not hold Series A CCPS or Series A CCPS then held by them are not sufficient to share the Upside in entirety, the remaining Upside shall be shared by the Investors by way of an adjustment to the Series B Conversion Ratio. In the event the Investors do not hold Series B CCPS, or the Series A CCPS, and the Series B CCPS then held by them are not sufficient to share the Upside in entirety, the remaining Upside shall be shared by the Investors by way of transferring Shares (equal in value to the Upside) to the Promoters. Provided that, in case of a transfer of Shares, the number of Shares to be transferred shall be grossed up to make good any shortfall in the Upside to be received by the Promoters as a result of the payment by the Promoters of any amounts to purchase such Shares.

117.1.3. In the event that the Upside is shared by way of Transfer of Shares, the Promoters and, or, at the election of the Promoters, Messrs Red Clover will be entitled to receive the Upside in the form of Shares pursuant to the sharing of Upside in accordance with this Article 117.

117.1.4. (i) the Upside, if any, to be shared by the Investors under these Articles is required to be shared only with the Promoters (and, or, Messrs Red Clover in accordance with Article 117.1.3); and (ii) none of the Other Shareholders or Investors shall be entitled to any economic benefits whatsoever derived from, or in respect of any portion of, the Upside to be shared with the Promoters (and, or, Messrs Red Clover in accordance with Articles 117.1.3).

117.1.5. In the event any of the Other Shareholders or any Investor receives any economic benefits on account of the mechanism adopted by an Investor to share the Upside with the Promoters (which for avoidance of doubt, includes any increase in the percentage shareholding or value of the Other Shareholders' ownership in the equity share capital of the Company as a result of adjustments made to the Series A Conversion Ratio and, or Series B Conversion Ratio in accordance with Article 117.1.1 and Article 117.1.2) then each of the Other Shareholders and the relevant Investor, as the case may be, shall duly transfer such economic benefit to the Promoters or compensate the Promoters, without any demur or delay. Notwithstanding anything else contained herein, an Investor shall stand fully discharged and have no further obligations with respect to Upside sharing under this Article 1177 upon adjusting the Series A Conversion Ratio and, or Series B Conversion Ratio it holds in accordance with Article 117.1.1 and Article 117.1.2**.**

117.1.6. To give effect to the terms of Article 117.1.5, any other acts, deeds, matters and things, and execution of such further documents and instruments shall be done as may be required.

117.2.**Sharing the Upside in a Public Offer**

117.2.1. The Upside shall be calculated in a manner that assumes that the Investors have fully exited in a Public Offer or 2 (two) years after completion of such Public Offer as provided in this Article 117.2, and will not, for avoidance of doubt, depend on the proceeds that the Investors receive on the actual number of Investors' Shares that the Investors propose or are eligible to sell in pursuance of such Public Offer, or 2 (two) years after completion of such Public Offer as provided in this Article 117.2, as applicable.

117.2.2. The sharing of the Upside shall be effected in the manner set out herein so as to ensure that the Promoters' ownership in the equity share capital of the Company on a Fully Diluted Basis (immediately prior to the Public Offer or at such time as set out in Article 117.2.3(b)) increases to the extent of the value of the Upside shared with the Promoters, and the Investors' ownership in the equity share capital of the Company on a Fully Diluted Basis (immediately prior to the Public Offer or at such time as set out in Article 117.2.3(b)) decreases to the extent of the value of the Upside shared with the Promoters.

117.2.3. For the purpose of the calculation of the Upside in a Public Offer, the Promoters and the Investors shall if required, use a Share price which is mutually agreed between the Investors and the Promoters in good faith, prior to the filing of the draft red herring prospectus for the Public Offer. Based on such Share price if Upside is due, the Investors shall use a conversion price for the Series A CCPS and, if required, the Series B CCPS, such that the Upside due is shared with the Promoters. If any Series A CCPS or Series B CCPS remain outstanding after the filing of the draft red herring prospectus prior to a Public Offer, such Series A CCPS and, if required, the Series B CCPS, shall be converted at the price at which the Shares are to be issued to the public in the Public Offer as set out in the red herring prospectus adjusted for any further Upside that may be due to the Promoters. Provided that, when calculated, if the Upside to be shared with the Promoters immediately prior to the Public Offer would result in:

(a) the Investors' holding equal to or less than the Three Percent Threshold, the Investors shall have a right but not an obligation to (i) cause the Promoters to purchase all or any such Shares up to the Three Percent Threshold at a price per Share equal to the price at which such Shares will be sold to the public shareholders; and/or (ii) increase the number of Shares they propose to sell in the Public Offer up to the Three Percent Threshold subject to Applicable Law and advice from the advisors to the Public Offer; and/or (iii) continue to hold all or any such Shares constituting equal to or less than the Three Percent Threshold. Provided that the obligation of the Promoters to purchase the Shares as set out above shall not apply in respect of the Shares that the Investors were eligible to sell pursuant to such Public Offer but chose not to.

(b) the Investors holding more than the Three Percent Threshold, then the obligation of the Investors to share the Upside will, unless otherwise agreed by the Investors, be deferred and shared with the Promoters upon the earlier of: (i) Investors' ownership in the equity share capital of the Company decreasing to such levels at which, if the Upside Thresholds were met and the Upside was required to be shared in accordance with Article 117.1 above, the Investors would cease to hold at least the Three Percent Threshold; or (ii) 2 (two) years from the date on which the Company's Shares are listed pursuant to a Public Offer.

117.2.4. For the purpose of sharing any Upside post-listing in a Public Offer, the value of each Share to be transferred to the Promoters shall be calculated (i) in case of 117.2.3(b) (i), on the basis of the price received by the Investors or at which the Investors propose to sell/sold their Shares immediately prior to the Investors ceasing to hold at least the Three Percent Threshold; (ii) in case of 117.2.3(b) (ii), on the basis of the average daily volume weighted average price of the Shares quoted on the recognised stock exchange during the 30 (Thirty) days preceding the date on which such Upside needs to be shared.

117.2.5. Notwithstanding anything contained in this Article 117.2 the Investors shall not have the right to defer the Upside in the event the Investors are eligible to, based on the advice from the advisors to the Public Offer, sell such number of their Shares in the Public Offer which on an assumed basis results in their shareholding, post such sale of Shares in the Public Offer and post calculation of Upside and its sharing being less than or equal to the Three Percent Threshold, but the Investors in their sole discretion chose not to sell.

117.2.6. In the event the Investors choose to defer and share the Upside in the manner contemplated in Article 117.2.3(b), an Upside Sharing Agreement in the agreed form set out in Annexure B to the Shareholders' Agreement shall be executed by and between the Investors and the Promoters immediately prior to the conversion of the Series A CCPS, as the case may be, in a Public Offer.

117.3. **Sharing the Upside in Private Arrangements**

117.3.1. The Upside shall be calculated in a manner that assumes that the Investors have fully exited in respect of their Series A CCPS and the Investor Equity Shares in an Upside Event other than by way of a Public Offer ("**Private Sale**") as provided in this Article 117.3.

117.3.2. The sharing of the Upside shall be effected in the manner set out in Article 117 so as to ensure that the Promoters' ownership in the equity share capital of the Company on a Fully Diluted Basis (immediately prior to the Private Sale or at such time as set out in Article 117.3.3(b) increases to the extent of the value of the Upside shared with the Promoters, and the Investors' ownership in the equity share capital of the Company on a Fully Diluted Basis (immediately prior to the Private Sale or at such time as set out in Article 117.2.3(b)) decreases to the extent of the value of the Upside shared with the Promoters.

117.3.3. For the purpose of the calculation of the Upside in a Private Sale, the Share price shall be valued at the pre-money equity valuation of the Company that the purchaser has agreed to complete the transaction at, on a Fully Diluted Basis. Provided that, when calculated, if the Upside to be shared with the Promoters immediately prior to the Private Sale would result in:

(a) the Investors' holding equal to or less than the Three Percent Threshold, the Investors shall have a right but not an obligation to (i) cause the Promoters to purchase all or any such Shares up to the Three Percent Threshold at a price per Share equal to the price at which such Shares would be sold in such Private Sale; and/or (ii) increase the number of Shares they propose to sell in the Private Sale up to the Three Percent Threshold; and/or (iii) continue to hold all or any such Shares constituting equal to or less than the Three Percent Threshold. Provided that the obligation of the Promoters to purchase the Shares as set out above shall not apply in respect of the Shares that the Investors were eligible to sell pursuant to such Private Sale but chose not to.

(b) the Investors holding more than the Three Percent Threshold, then the obligation of the Investors to share the Upside will, unless otherwise agreed by the Investors, be deferred and shared with the Promoters upon the Investors' ownership in the equity share capital of the Company decreasing to such levels at which, if the Upside Thresholds were met and the Upside was required to be shared in accordance with Article 0 above, the Investors' would cease to hold at least the Three Percent Threshold.

117.4. **Sharing of the Upside in a Partial Exit**

117.4.1. Until such time an Upside Event meets the Upside Threshold set out in the table in Article 0, no Upside shall be shared with the Promoters. The obligation of the Investors to share the Upside with the Promoters will arise and be satisfied at such time thereafter, when the Upside Thresholds are met. Provided that where the Investors are selling less than 20% (twenty per cent) of their total ownership interests in the Company, the Investors shall discuss with the Promoters, on a good faith basis, sharing of any upside on or immediately prior to such sale even if the Upside Threshold to be received by the Investors pursuant to such sale does not, at such point in time, meet the Upside Threshold requirements as set out in Article 0.

117.4.2. Nothing contained herein shall be construed to be an obligation on the Investors to share any upside unless the Upside Threshold requirements set out in Article 0 are met.

117.5. **Sharing upon failure to complete a Third Party Offer**

If an exit opportunity is provided by the Company and Promoters to the Investors (a) at a price which ensures that the Investors receive the Upside Threshold, and (b) which, if by way of a sale of the Investors Shares, is a bona fide and binding offer which ensures that the Investors are able to liquidate all or part of their shareholding in the Company provided that the buyer has completed a due diligence of the Company, communicated in writing that there are no red flags (as such term is commercially understood) that remain unresolved and pursuant to the due diligence, provided a firm offer in the form of a term sheet / letter of offer and confirmed in writing that they will proceed with the purchase subject to finalization of definitive documents, then the Investors shall be liable to share the Upside in the event such transaction has failed to close for reasons solely attributable to any of the Investors. Such failure will include but not be limited to the Investor Majority exercising their Affirmative Vote Items to block such transaction.

The obligation of the Investors to share the Upside in accordance with the provisions of the Transaction Documents shall continue to survive until the Upside is shared with the Promoters in full in the manner set out in Article 1177.

118. **LIQUIDATION PREFERENCE**

118.1. In any Liquidation Event, subject to Applicable Law, the Investors shall have a preference over the other Shareholders of the Company (including the Promoters) for return of their Investment Amount as set out hereinafter.

118.2. The proceeds of a Liquidation Event shall be distributed such that the Investors first receive the higher of (a) the Minimum Exit Price, plus any declared and unpaid dividends thereon; or (b) their pro rata entitlement from the proceeds available for distribution, on a Fully Diluted Basis ("**Preference Amount**").

118.3. If the amount available for distribution is lower than the Preference Amount, the entire amount shall be distributed pro rata amongst the Investors.

118.4. Any incremental Shares that need to be issued or Transferred to the Investors to facilitate realization of the Preference Amount shall be made by the Company or the Promoters, as agreed to by the Investors, by any method permissible under Applicable Law, including but not limited to (a) an adjustment of the Conversion Price of the Preference Shares; (b) issue of additional Shares to the Investors at the lowest permissible price; (c) Transfer of Shares held by the Promoters to the Investors at lowest price permissible under Applicable Law; (d) payment of consideration to the Investors by the Promoters or Company; (e) buy back of Shares held by the Promoters and other Shareholders to incrementally increase the shareholding of the Investor; (f) reduction of the sale proceeds receivable by the Promoter; or (g) by taking any action that may be necessary to ensure that the Investors realize their respective Preference Amount. In no situation shall the Investors have any recourse to the personal Assets owned by the Promoters barring their shareholding in the Company, group companies and shareholding in Affiliates of the Promoters, the Company or any group companies.

118.5. All Shareholders (other than the Investors) on an As If Converted Basis shall participate proportionately on the basis of their inter-se shareholding in the remaining proceeds resulting from a Liquidation Event only after the Investors have realised their Preference Amount. The term 'Investors' used in this Article 1188 shall include Transferees of the Investor Securities, and holders of Series A CCPS and Series B CCPS.

119. **TERMS OF ISSUANCE OF CCPS.**

The Series A CCPS are issued on such terms as set out in Article 126.
The Series B CCPS are issued on such terms as set out in Article 127.

120. ADDITIONAL COVENANTS

120.1. **Non-Pledging of Investor Securities.** The Investors shall not be required to pledge their shareholding in the Company or invest any additional amount in the Company or offer any guarantee or collateral security in respect of any borrowing by the Company. The Investor Securities shall not be subject to any Encumbrance whatsoever till such time as the Investors continue to hold any Shares in the Company, except as may be specifically created by the Investors or as contained in these Articles, subject to Applicable Law.

120.2. **Investor not 'promoter'.** The Investors are not 'promoters' or part of the 'promoter group' of the Company. Subject to the Applicable Law, the Company shall not under any circumstances declare, publish or disclose in any document related to a Public Offering, accounts or in any public disclosures or show the Investors as 'promoters' or part of the 'promoter group' of the Company. The Company and Promoters shall take all necessary steps to ensure that the Investors shall not be considered as promoters or part of the promoter group of the Company in any Public Offer related filing made by the Company or the Promoters.

120.3. **Non-Compete.**

120.3.1. So long as (a) a Promoter holds any Shares in the Company; or (b) Gautam Maini is an employee of the Company; and (c) the Investors together hold at least the Minimum Shareholding, the Promoters shall not, and shall ensure that any entity in which they directly or indirectly have a Controlling interest shall not, jointly and severally, engage in, either directly or indirectly, and whether as an individual, through a partnership or as a shareholder, joint venture partner, collaborator, consultant, advisor, principal contractor or sub-contractor, director or in any similar manner, whether for profit or otherwise, any business which competes with the Business. The Promoters' group has diversified business interests that cater to the automotive and industrial sectors in or with Maini Material Movement Private Limited, Maini Plastics and Composites

Private Limited, Armes Maini Storage System Private Limited and Tomcar® which are not competitive with the Business. The business interests of the Promoters other than Gautam Maini in such businesses which are not competitive with the Business shall in no event be construed as being in competition with the Business and each of the Promoters (other than Gautam Maini) shall not be restricted in any manner whatsoever to carry on such businesses. Gautam Maini shall not be engaged in any business other than the Business except as a non-executive director on the boards of the Promoters' group companies.

120.3.2. No separate non-compete fees is payable to the Promoters, and the consideration for the non-compete restriction contained herein is deemed to have been received under the Shareholders' Agreement and mutual covenants in the Transaction Documents, and is sufficient. Additionally, Gautam Maini shall devote substantially all of his business time and attention to the business and affairs of the Company and shall make best endeavors in promoting the Company's interests.

120.3.3. The Company and the Promoters shall ensure that each of the Key Employees have executed or duly execute, as the case may be, appropriate employment agreements in a form mutually agreeable between the Investor and the Promoters.

120.4. **Investors' Right to Invest. T**he Investors and their respective Affiliates may invest in numerous companies, some of which may compete with the Company. Subject to the Investors adhering to the confidentiality obligations under the Shareholders' Agreement, the Company, Other Shareholders and the Promoters confirm that they will not have any objection to the Investors or any of their respective Affiliates investing in the equity, entering into a joint venture, or collaborating with any company/entity in the same or allied field (as the Business) in India or elsewhere. The Investors and their respective Affiliates (as the case may be) shall, at all times adhere to its confidentiality obligations as detailed in the Shareholders' Agreement. The Promoters, Other Shareholders and the Company shall provide the necessary no objection certificate, if requested by the Investors, as and when required. Further, neither the Investors nor any of its Affiliates shall be liable for any Claim arising out of, or based upon any action taken by any of their officers or representatives in assisting any such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company provided no confidential information of the Company or its Affiliates which are in the nature of proprietary information, including but not limited to trade secrets, technical know-how, drawings, designs, specifications, plans, customers, vendors, operations or any other information which is considered critical to the Company's business such as costing of products, pricing strategy, marketing strategy, costing systems has been used or disclosed by the Investors or any of its Affiliates.

120.5. **Non-Solicitation.**

120.5.1. The ability of the Company to conduct and operate its Business depends upon its ability to attract and retain skilled human resource, customers, suppliers and that the Company has and will continue to invest substantial resources in training such people. The Investors and the Promoters shall not, as long as the Investors hold the Minimum Shareholding:

(a) directly or indirectly, partner with or enter into any activity or hire or attempt to hire for any purpose other than the Business (whether as an employee, consultant, advisor, independent contractor, partner or otherwise) any employee of the Company or any person who was an employee of the Company or at any time during the last 12 (twelve) months of his/ her employment, and shall use his best efforts to prevent any of its related entities or Persons from taking any such action;

(b) disclose to any third party the names, backgrounds or qualifications of any employees of the Company to identify them as potential candidates for employment;

(c) personally or through any other Person, approach, recruit or otherwise solicit employees of other Party to work for any other employer; and,

(d) persuade any Person that is a client/customer of the Company, to cease doing business or to reduce the amount of business that any such Person has customarily done or might propose doing with the Company.

120.5.2. The above restrictions are considered reasonable for the legitimate protection of the business and goodwill of the Company. Notwithstanding the limitation of this provision by Applicable Law for the time being in force and as long as the Investors hold any Shares, the Promoters and the Investors shall observe and be bound by the spirit of this Article 120.5.

120.6. **Voting**. The Promoters, the Investors and Other Shareholders shall vote all of their Shares, give or withhold any consents or approvals requested of them, and generally exercise their best efforts on a *bona fide* basis to cause the Company to perform and comply with their obligations under the Transaction Documents, subject to compliance with Applicable Laws.

120.7. **Restricted Transfers.** The Promoters shall not consent or enable to cause the Company not to record any Transfer on its books or register and shall cause not to recognize or register any equitable or other Claim to, or any interest in Shares which have been Transferred in any manner other than as permitted under these Articles.

120.8. **Related Party Transactions.** Unless otherwise agreed to in writing between the Parties, the Promoters shall conduct the business only through the Company or its Subsidiaries and will not transact any business through any Related Party without Investor Consent.

120.9. **Foreign Direct Investment Regulation Compliance.** Unless otherwise agreed to in writing between the Parties, the Company and the Promoters shall at all times consult the Investors before taking any action which is likely to make the investment by the Investors require any approvals from Governmental Authorities to either maintain the investment, make a further investment or Transfer any securities of the Company held by the Investors, and shall not undertake such actions without Investor Consent.

120.10. **Foreign Corrupt Practices.** The Company and the Promoters shall not authorise any of its or their respective directors, officers, managers, employees, independent contractors, representatives or agents to promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, any official, in each case, in violation of the Foreign Corrupt Practices Act, 1977 ("**FCPA**"), the U.K. Bribery Act, or Prevention of Corruption Act, 1988 ("**PCA**") or any other applicable anti-bribery or anti-corruption law. The Company shall cease all of its activities, as well as remedy any actions taken by the Company or its Affiliates, or any of their respective directors, officers, managers, employees, independent contractors, representative or agents in violation of the FCPA, the U.K. Bribery Act, or the PCA or any other applicable anti-bribery or anti-corruption law. The Company shall and shall cause each of its Affiliates to maintain systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA, the U.K. Bribery Act, or the PCA or any other applicable anti-bribery or anti- corruption law.

120.11. **Alteration of Articles.** Unless otherwise agreed to in writing between the Parties, any amendments to the Company's Articles will require Investor Consent. For the purpose of this Article 120.11, the term 'Investor' means a majority of the holders of Preference Shares, or Shares upon conversion of the Preference Shares, at any point in time.

120.12. **Superior Rights.** So long as the Investors maintain the Minimum Shareholding, the Company and/or Promoters shall not grant any other current/ potential investor any rights that are more favorable than those granted to the Investors. If the rights granted to such investors are at variance with the rights of the Investors, the Investors shall so long as the Investors maintain the Minimum Shareholding, be entitled to the most favorable terms offered by the Company and/or Promoters to such investors.

120.13. **Statutory Auditors.** The statutory auditors of the Company will be one of the Big Four Accounting Firms as long as the Investors hold any Shares.

120.14. **Core Business Interests.** The core business focus of Gautam Maini who is acting as the managing director of the Company should remain on the Company and the Business. So long as the Investors maintain the Minimum Shareholding all new business or opportunities which are related to the Business shall only be conducted through or by the Company.

120.15. **Waiver of Rights.** The Promoters and Other Shareholders waive any and all pre-emptive rights and other rights that they have with respect to the issue and allotment of Series B CCPS, whether conferred by the Articles, by contract, by Applicable Law or otherwise.

120.16. **Support and Co-operation.** The Company and the Promoters shall provide the Investors all necessary and reasonable support, co-operation and assistance in obtaining regulatory approvals, if any required, to invest and maintain their investment in the Company.

120.17. **ESG Action Plan.** The Company and the Promoters shall at all times adhere to, and conduct the business in a manner compliant with the action plan set out in Annexure A to the Shareholder's Agreement.

120.18. **Passive Foreign Investment Company.** The Company shall provide all information, as requested by the Investors to:

(a) determine whether the Company qualifies as a 'passive foreign investment company' ("**PFIC**") as defined under the US Internal Revenue Code, Title 26 of the United States Code as amended from time to time (the "**Code**").

(b) enable the Investors to make the qualified fund election in respect of such PFIC.

In the event that the Company becomes a PFIC at any time post the Series B Closing Date, then the Promoters and/or the Company shall undertake all actions, as requested by the Investors, as required in relation to such PFIC status including, without limitation, permitting the Investors (and the unit holders/investors of the Investors) the right to examine permanent books of accounts, records, and such other documents of the Company that are necessary to establish that PFIC's ordinary earnings and net capital gains, as provided in Section 1293 (e) of the Code, are computed in accordance with applicable U.S. income tax principles.

121. **MATERIAL BREACH AND TERMINATION**

121.1. **Accelerated Exit.** Upon (a) a material breach of the Shareholder's Agreement that in the sole discretion of the Investors has an adverse impact, or (b) occurrence of a fraud, gross negligence or wilful misconduct by the Company and/or the Promoters ("**Material Breach**"), the Investors may issue a written Notice to the Promoters and the Company bringing the Material Breach to their attention. The Promoters and the Company shall cure or initiate steps to cure the breach and provide satisfactory evidence of the same within 20 (twenty) Business Days from the service of Notice to the Investors, and if the Investors are satisfied at their sole discretion with the steps initiated by the Promoters and the Company, the Promoters and the Company shall have a further period of 45 (forty five) days to cure the breach or such extended period as the Investor Majority may agree ("**Cure Period**"). In the event the Material Breach is not cured within the Cure Period, then notwithstanding the other provisions of these Articles, the Investors shall be entitled to nominate such additional number of Directors to the Board so as to be able to exercise control over the Board. Notwithstanding the other provisions of the Articles, the Promoters and their Affiliates, as directed by the Investors, shall be bound to exercise their rights as shareholders so as to enable the Investors to effectively exercise their rights under this Article 121.1. In addition to the foregoing, the Investors shall be entitled to an exit by exercise of any of the Exit Rights and the Promoters shall be obliged to provide an exit within 90 (ninety) days from the date of expiry of the Cure Period. The Investors shall be entitled to an exit by exercise of any of their Exit Rights upon a Promoter Dispute, and the Promoters shall be obliged to provide an exit to the Investors within 90 (ninety) days from the date of receipt of a Notice from the Investors in this regard.

121.2. **Cessation of Rights.** Notwithstanding any provision to the contrary contained in these Articles, upon the occurrence of a Material Breach subject to the Cure Period, which is not cured to the satisfaction of the Investors within the Cure Period, the Promoters shall irrevocably appoint the Investors as the attorney and agent for, and in the name and on behalf of the Promoters and their Affiliates, to exercise their voting rights in the Company at a Board level and do all such further acts and things as may be necessary, expedient or desirable in order for the Investors to effectively be able to exercise and enforce its rights as set out under these Articles. Notwithstanding the other provisions of these Articles, upon the occurrence of a Material Breach subject to the Cure Period, which is not cured to the satisfaction of the Investors within the Cure Period, the Promoters and their Affiliates, as directed by the Investors, shall be bound to exercise their rights as shareholders so as to enable the Investors to effectively exercise their Exit Rights under these Articles.

122. **ASSIGNMENT**

The Company shall not assign (whether directly or indirectly) or otherwise Transfer any of its rights or obligations under these Articles without obtaining Investor Consent.

123. PRINCIPLES OF DEED OF ADHERENCE

A Deed of Adherence shall incorporate the following principles**.**

The Deed of Adherence executed between a Transferor and Transferee shall, based on the classification set out below, contain the relevant terms listed below:

A. If the Transferor is a Promoter:

1. The Transferee shall be bound by all the restrictions and obligation on Transfer of Shares applicable to the Promoter as contained in the Transactions Documents including non-transfer of Shares without Investor Consent, right of first refusal, co-sale right to Investors and Drag Along Right available to the Investors.
2. The Transferor will acknowledge that he will continue to be bound by all clauses that survive the termination of the Shareholders' Agreement including non-compete and non-solicit in accordance with the terms contained in the Shareholders' Agreement.
3. If the Transferor is not selling 100% (one hundred percent) of his or her Shares, the Transferor shall continue to be bound by the terms of the Transaction Documents.
4. The Transferor will acknowledge that any special rights available to the Promoter shall unless the Investors otherwise agree, forthwith cease and the Transferee shall not be entitled to the said rights unless the Investors agree otherwise. For instance, unless the Investors agree otherwise, the Transferee shall not have a right to be represented on the Board.
5. The Transferor and Transferee will acknowledge that they are bound by the provisions of the Transaction Documents in the manner agreed to in this Deed of Adherence and shall vote accordingly if any amendment to the Articles is required to bring it in consonance with the deed of adherence.

Provided that if the Transferee is an existing Investor, no Deed of Adherence shall be required.

B. If the Transferor is an Investor:

1. The Transferee shall be bound by the restrictions, if any contained in the Transaction Documents as applicable to the Investor, only to the extent expressly specified in the Transaction Documents.
2. If any special rights available to the Investor including the right to be represented on the Board or the rights in relation to affirmative votes are assignable and are proposed to be assigned to the Transferee, the Deed of Adherence shall set forth expressly the exercise of rights.
3. If any special rights or obligations available to the Investor under the Shareholders' Agreement are not assignable or Transferable, the Deed of Adherence shall set forth expressly that such rights or obligations shall continue to remain on the Investor even upon such Transfer.

If the Transferee is a Promoter, he or she shall continue to be bound by all the restrictions and obligations contained in the Transaction Documents applicable under the Transaction Documents, including if any, the non-transfer of Shares without Investor Consent, right of first refusal/offer, tag along right to Investors, drag along right and such other rights available to the Investors.

C. If the Transferor is not a Promoter or the Investor:

1. The Transferee shall be bound by all the restrictions and obligation on Transfer of Shares applicable to the Other Shareholders as contained in the Shareholders' Agreement including non-transfer of Shares without Investor Consent, right of first refusal to Investors and Drag Along Right.

Provided that if the Transferee is a Promoter, he shall continue be bound by all the restrictions and obligations contained in the Shareholders' Agreement applicable to the Promoter including the non-transfer of Shares without Investor Consent, right of first refusal, co-sale right to Investors and Drag Along Right available to the Investors.

Provided further that if the Transferee is an Investor, no Deed of Adherence shall be required.

If the Transferee is not already a party to the Shareholders' Agreement,

A. The Transferee shall as part of the Deed of Adherence agree, acknowledge and undertake:

1. that a copy of the Transaction Documents and the Articles of the Company have been made available to it and that it accedes and ratifies the Shareholders' Agreement;
2. that it shall do nothing that derogates from the provisions of the Transaction Documents and the

Articles; and

3. that the Company shall not be bound to give effect to any act or voting rights exercised by it which are not in accordance with these Articles or the Transaction Documents.

B. The Transferee shall as part of the Deed of Adherence also represent and warrant that:

1. it is a Person competent to execute and deliver, and to perform its obligations under, the Transaction Documents;
2. the execution and delivery by it of this Deed and performance of its obligations hereunder do not and will not violate any provision of any regulations or any agreement to which it is a party or by which it or any of its properties are bound; and,
3. no authorisation or approval of any Governmental Authority is required to enable it to lawfully perform its obligations hereunder. If any such approval or authorisation is required, there shall be included a representation or authorisation that such approval or authorization has been obtained.

124. AFFIRMATIVE VOTE ITEMS

Investor Protection Matters

1. Any change in Business or commencement or acquisition of a new line of business outside of the Business;

2. Any transactions involving the sale, acquisition, creation of Encumbrance, creation, modification or destruction of any fixed Assets (including plant & machinery, vehicles, formwork, IT, safety and office equipment) in excess of INR 50,000,000 (Indian Rupees fifty million) above the annual budget in any Financial Year when taken as an aggregate.);

3. Any transactions involving the sale, acquisition, creation of Encumbrance, modification or destruction of any immovable Assets or property (or any rights thereto) in excess of INR 50,000,000 (Indian Rupees fifty million) above the annual budget in any Financial Year when taken as an aggregate;

4. Raise or issue any debt, or issue any other instrument representing Indebtedness in any form beyond the amounts approved in the annual budget in any Financial Year;

5. Any change in the issued, subscribed or paid up equity or preference share capital of the Company, or reorganization of the share capital of the Company, including new issuance of Shares or other securities of the Company or buy back, redemption, retirement or repurchase of any Shares or other securities, issuance of convertible debentures or warrants, or grant of any options over its shares by the Company, or any changes in class rights for shares (directly or indirectly). However, the Investor shall not be entitled to exercise these rights if the Merchant Banker appointed by the Company in accordance with these Articles certifies to the Investors, and the Promoters confirm to the Investors, that it is in relation to a Qualified IPO;

6. Acquisition of the shares, assets, business, business organization or division of any other Person, creation of or dissolution of subsidiaries, other legal entities, mergers, de-mergers, spinoffs and consolidations, creation of any new subsidiaries or Affiliates;

7. Entering into any joint ventures, partnerships, profit sharing arrangements or any transaction granting exclusive rights of any nature to any Person except in the Ordinary Course of Business or in accordance with the Business Plan;

8. Entering into, modification of the terms or termination of contracts of a value greater than INR 250,000,000 (Indian Rupees two hundred fifty million);

9. Winding up or a merger of the Company; transfer of (a) all or substantially all of the Company's Assets; (b) sale of any of the Company's Proprietary Rights; and (c) sale of assets or liabilities of the value greater than INR 50,000,000 (Indian Rupees fifty million);

10. Any change in the terms of employment of any Promoters or Key Employees, including hiring, suspension and termination, and including any change in the rights, duties and terms of compensation;

11. Adoption of, amendment of, or variations from the annual budget / Business Plan;

12. Any related party transactions except in the Ordinary Course of Business and on arms' length basis;

13. Any change in accounting practices;
14. Any change in constitution, number or structure of the Board;

15. Any variations in rights attached to any class of securities;

16. Incurring of capital expenditure greater than INR 50,000,000 (Indian Rupees fifty million) over what has been specified in the annual budget / Business Plan;

17. Appointment of statutory auditor / joint statutory auditor / internal auditor or change in the auditors already appointed;

18. Any buyback of Shares;

19. Listing of the Company's or any of its Subsidiary's shares on any stock- exchanges or change in legal status e.g. public to private company status etc.; the taking of steps towards or appointment of any advisers in connection with a potential sale or listing of securities of the Company or any Subsidiary, provided that the Investor shall not be entitled to exercise this right in connection with a proposed Qualified IPO subject to the provisions of Article 116.1;

20. Adoption of, amendments to and deviating from the Promoters' share vesting plan, any employee stock option plan, stock appreciation plan, phantom plan or other similar plan by whatever name called;

21. Declaring or paying any dividends or any other distributions, directly or indirectly, on account of any equity or capital; and

22. Any action or decision with respect to any of the foregoing matters.

125. **<u>BROAD BASED WEIGHTED AVERAGE VALUATION PROTECTION</u>**

125.1. **Definitions**

For the purposes of this Article 1255 and unless the context requires a different meaning, the following terms have the meanings indicated:

(a) "**Issue Date**" shall have the meaning ascribed to it in Article 125.2.1(b).

(b) "**Lowest Permissible Price**" shall mean: (i) in relation to a holder of Series A CCPS shall mean the lowest possible price at which a Share may be issued to/acquired by such holder in accordance with Applicable Law; (ii) and in relation to a holder of Investor Equity Shares shall mean the lowest possible price at which a Share may be issued to/acquired by that Investor in accordance with Applicable Law; and (iii) in relation to a holder of Series B CCPS shall mean the lowest possible price at which a Share may be issued to/acquired by such holder in accordance with Applicable Law.

(c) "**New Issue Price**" shall have the meaning ascribed to it in Article 125.2.1(a).

(d) "**Conversion Price**" shall mean:
    (i) with respect to Series A CCPS, INR 130.70 (Indian Rupees One Hundred and Thirty and Seventy Paise), being (A) the aggregate subscription amount invested by the Investors for subscribing to the Series A CCPS pursuant to the Series A SSA, divided by (B) the total number of Equity Shares issuable upon conversion of such Series A CCPS at the Series A Conversion Ratio;
    (ii) with respect to the Investor Equity Shares, (A) the purchase amount paid by a holder of Investor Equity Shares to obtain such Investor Equity Shares divided by (B) the total number of such Investor Equity Shares; and

    (iii) with respect to Series B CCPS, (A) the aggregate subscription amount invested by the holders of Series B CCPS for subscribing to the Series B CCPS pursuant to the Series B SSA, divided by (B) the total number of Equity Shares issuable upon conversion of such Series B CCPS at the Series B Conversion Ratio.

The applicable Conversion Price shall stand adjusted from time to time, upon the occurrence of any stock split, consolidation, sub-division or change in par value of the Shares, any adjustments contemplated under the Transaction Documents, a Transaction or any event that is dilutive of Share value or upon any price adjustment benefits provided to the Investor pursuant to this Article 1255.

125.2. **Non-Dilution Protection**

125.2.1. **Issuance below Conversion Price.**

(a) **<u>New Issues.</u>** Unless otherwise agreed to in writing between the Parties, if the Company shall at any time or from time to time issue any Dilution Instruments (other than an Exempted Issuance or a rights issue subject to Investor Consent, an issuance, if any, approved by the Promoters to give effect to upside sharing) at a price per Dilution Instrument (treating the price per Dilution Instrument as equal to (x) the total sum paid for such Dilution Instruments plus any additional consideration payable (without regard to any anti-dilution adjustments) upon the conversion, exchange or exercise of such Dilution Instruments divided by (y) the number of Shares initially underlying such Dilution Instruments) that is less than the relevant Conversion Price (the "**New Issue Price**") then, the Company at the option of the holders of Series A CCPS; or holders of Series B CCPS; or Investor Equity Shares, as the case may be, will be required to take necessary measures as detailed in Article 125.2.3 below or to adjust the Conversion Price in accordance with Article 125.2.1(c) ("**Anti-Dilution Measures**").

(b) **<u>Timing for New Issues</u>**. Such Anti-Dilution Measures shall be taken on the date of issue of Dilution Instruments at New Issue Price (the **"Issue Date"**); provided, however, that the determination as to whether an anti-dilution measure is required to be taken shall be made immediately prior to or simultaneously upon the issuance of such Dilution Instruments, and not upon the subsequent issuance of any security into which the Dilution Instruments convert, exchange or may be exercised.

(c) **<u>Anti-Dilution Issuance</u>**. Upon issue of Shares at the New Issue Price, the Conversion Price of the Series A CCPS and, or the Series B CCPS, and/or the Investor Equity Shares, as the case may be, shall stand adjusted in accordance with the following formula:

$$NCP = \frac{P1}{(Q1 + R)} \quad x \quad (Q1 + Q2)$$

For the purposes of this Article, "NCP" is the new Conversion Price;

"P1" is the applicable Conversion Price;
"Q1" means the number of Equity Shares Outstanding immediately prior to the new issue;
"Q2" means such number of Equity Shares that the relevant aggregate consideration received by the Company for such issuance would purchase at the applicable Conversion Price;
"R" means the number of Equity Shares issuable / issued upon conversion of the Dilution Instruments being issued.

For purposes of this condition, the term "**Equity Shares Outstanding**" shall mean the aggregate number of Equity Shares of the Company then outstanding (assuming for this purpose the exercise and/or conversion of all then-outstanding securities exercisable for and/or convertible into Equity Shares (including without limitation the conversion of all Preference Shares)).

125.2.2. **Reorganization, Reclassification**: In case of any reconstruction or consolidation of the Company or any capital reorganization, reclassification or other change of outstanding Shares or if the Company declares a distribution (other than dividend for cash) on its Equity Shares or the Company authorizes the granting to the holders of its Equity Shares rights or warrants to subscribe for or purchase any Equity Shares of any class or of any other rights or warrants; or upon occurrence of any other similar transaction (each, a "**Transaction"):**

then the Company shall mail to each holder of Series A CCPS, each holder of Series B CCPS and each holder of Investor Equity Shares, at such holder's address as it appears on the books of the Company, as promptly as possible but in any event at least 20 (Twenty) days prior to the applicable date hereinafter specified, a Notice stating the date on which a record is to be taken for the purpose of such dividend, distribution or granting of rights or warrants or, if a record is not to be taken, the date as of which the holders of Equity Shares of record to be entitled to such dividend, distribution or granting of rights or warrants are to be determined. Notwithstanding the foregoing, in the case of any event to which this Article 0 is applicable, the Company shall also deliver the certificate described in Article 0 below to each holder of Series A CCPS, each holder of Series B CCPS and each holder of Investor Equity Shares, as the case may be, at least 10 (Ten) Business Days' prior to effecting such reorganization or reclassification as aforesaid.

the Company shall execute and deliver to each holder of Series A CCPS, each holder of Series B CCPS and each holder of Investor Equity Shares, as the case may be, at least 7 (Seven) Business Days prior to effecting such Transaction a certificate, signed by (i) the chief executive officer of the Company and (ii) the chief financial officer of the Company, stating that the holder of each Series A CCPS, the holder of each Series B CCPS, and each holder of Investor Equity Shares, as the case may be, have the right to receive in such Transaction, in exchange for each such Equity Share or preference Share a security identical to (and not less favourable than) each such Equity Share or preference Share and no less favourable than any security offered to any other Shareholders for or in relation to that Transaction, and provision shall be made therefor in the agreement, if any, relating to such Transaction.

125.2.3. **Mode of Giving Effect to Valuation Protection**: At the time when the Company is required under the provisions of this Article 1255 to issue any additional Equity Shares, then the holders of Series A CCPS, the holders of Series B CCPS and/or the holders of Investor Equity Shares, as the case may be, shall have the option to require the Company to (a) adjust the conversion ratio or conversion price of the Series A CCPS, in case of holders of Series A CCPS or adjust the conversion ratio or conversion price of the Series B CCPS, in case of holders of Series B CCPS; (b) Transfer Equity Shares held by the Promoters and the other Shareholders on a pro rata basis to the holders of Series A CCPS, Series B CCPS and/or the holders of Investor Equity Shares, as the case may be, at lowest price permissible under Applicable Law; (c) buy back of Equity Shares held by Promoters and other Shareholders; (d) reduce the sale proceeds receivable by the Promoters and other Shareholders on a pro rata basis; (e) issue of additional Shares to the holders of Series A CCPS, Series B CCPS, and/or the Investor Equity Shares, as the case may be, at the Lowest Permissible Price; or (f) take such measures as may be necessary to give effect to the provisions of this Article 1255.

125.3. **Compliance with and Effectiveness of this Article 1255**

125.3.1. ***Waiver***. If a Shareholder (other than the holders of Series A CCPS, Series B CCPS or Investor Equity Shares) is entitled under any contract, requirement of Applicable Law or otherwise to participate in relation to any issue of Shares to the holders of Series A CCPS, Series B CCPS or holders of Investor Equity Shares under this Article 1255, then such Shareholder shall waive all such rights and, to the extent it cannot waive such rights it shall not exercise them.

125.3.2. ***Ensuring Economic Effect***. If for any reason any part of this Article 1255 is not fully effected as a result of any change in Applicable Law (including a change in Applicable Law that affects the price at which the Investors may sell or be issued Shares) then each Shareholder and the Company shall each use its best efforts to take all such actions (by corporate, director or shareholder action) as may be necessary to provide to each Investor the same economic benefits as are contemplated by this Article 1255.

125.3.3. ***Change in Applicable Law***. If there is a change in any Applicable Law that makes it possible to implement any part of this Article 1255 so as to confer the economic benefits on the Investors that are contemplated by this Article 1255 in a more effective manner then each Shareholder (other than the Investors) and the Company shall co-operate and use its best efforts to implement this Article 1255 in that more effective manner.

125.3.4. ***Currency Exchange***. If in calculating a price or any other amount under this Article 1255 the relevant variables for that calculation are expressed in different currencies then all such variables for the purposes of that calculation shall be converted to INR.

126. TERMS OF ISSUANCE OF SERIES A CCPS

The Series A CCPS are issued with the following characteristics, including certain rights vested in the holders thereof which are in addition to, and without prejudice to, the other rights of the Investors set out in the Transaction Documents.

126.1.1. ***Equity Shares***. The number of Equity Shares to be issued to the holders of the Series A CCPS upon conversion shall, subject to the other terms and conditions set forth in these Articles, be as set out in Article 126.1.3 below.

126.1.2. ***Dividends*****.** The Series A CCPS shall carry a pre-determined cumulative dividend rate of 0.0001% (zero point zero zero zero one percent) per annum on an As If Converted Basis. In addition to the same, if the holders of Equity Shares are paid dividend in excess of 0.0001% (zero point zero zero zero one percent) per annum, the holders of the Series A CCPS shall, together with the holders of Series B CCPS, be entitled to dividend at such higher rate. In the event, the Board declares any dividend for the relevant year, such dividend shall be paid to the holders of Series A CCPS pari passu with the holders of Series B CCPS.

126.1.3. ***Conversion*****.**

a) The holders of the Series A CCPS may convert the Series A CCPS in whole or part into Equity Shares at any time before 19 (nineteen) years from the date of issuance of the same subject to the adjustments provided in Article 126.1.4, Article 126.1.5 and Article 126.1.6 and other Articles. In the event the conversion of Series A CCPS entitles the holders of Series A CCPS to any fraction of an Equity Share, then such fraction shall be rounded up to the nearest whole number.

b) The holders of Series A CCPS shall, at any time prior to 19 (nineteen) years from the date of issuance of the same, be entitled to call upon the Company to convert all or any of the Series A CCPS by issuing a Notice to the Company.

c) Immediately and no later than 7 (seven) days from the receipt of such Notice, the Company shall issue Equity Shares in respect of the Series A CCPS sought to be converted. The record date of conversion of the Series A CCPS shall be deemed to be the date on which the holder of such Series A CCPS issues a Notice of conversion to the Company. The Series A CCPS, or any of them, if not converted earlier, shall automatically convert into Equity Shares at the then applicable conversion rate, (i) on latest permissible date prior to the issue of Shares to the public in connection with the occurrence of a Public Offer under Applicable Law, or (ii) on the day following the completion of 19 (nineteen) years from the date of issuance of the same.

d) Subject to the adjustments provided in Article 1177 (*Sharing of Upside*), and Article 126.1.4, Article 126.1.5 and Article 1261.1.6, 13.07 (thirteen point zero seven) Series A CCPS shall convert into 1 (one) Equity Share ("**Series A Conversion Ratio**"). No fractional Shares shall be issued upon conversion of Series A CCPS, and the number of Equity Shares to be issued shall be rounded up to the nearest whole number.

126.1.4. ***Valuation Protection***. If the Company offers any Dilution Instruments to a new investor or a third party after the date on which they were allotted to the first holders thereof, at a price (the "**New Price**") less than the then effective conversion price of the Series A CCPS ("**Dilutive Issuance**") then the holders of Series A CCPS shall, unless waived by each of them be entitled to a broad based weighted average anti-dilution protection as provided for in Article 1255 (the "**Valuation Protection Right**"). In such an event the Company and the Promoters shall be bound to cooperate with the holders of Series A CCPS and the Company such that the Company forthwith takes all necessary steps as detailed in Article 1255. The Company shall Notify the holders of Series A CCPS of the impact of the Dilutive Issuance prior to such issuance and obtain confirmation from them that the same conforms to these Terms of Issue. Notwithstanding anything else contained herein, if the Company and the Promoters provide an Exit to the holders of Series A CCPS any time prior to the Investment Exit Date, and without exercising the Valuation Protection Right (as if the adjustment to the Series A Conversion Ratio pursuant to the exercise of this right had not been effected), the holders of Series A CCPS are entitled to the return contemplated under the applicable Exit Right, then the Series A Conversion Ratio shall be re-adjusted to the ratio as if the adjustment to the Series A Conversion Ratio pursuant to the Valuation Protection Right had not taken place.

126.1.5. ***Adjustments.***

a) If, whilst any Series A CCPS remain capable of being converted into Equity Shares, the Company splits, sub-divides (stock split) or consolidates (reverse stock split) the Equity Shares into a different number of securities of the same class, the number of Equity Shares issuable upon a conversion of the Series A CCPS shall, subject to Applicable Law and receipt of requisite approvals, be proportionately increased in the case of a split or sub-division (stock split), and likewise, the number of Equity Shares issuable upon a conversion of the Series A CCPS shall be proportionately decreased in the case of a consolidation (reverse stock split).

b) If, whilst any Series A CCPS remain capable of being converted into Equity Shares, the Company makes or issues a dividend or other distribution of Equity Shares to the holders of Equity Shares then the number of Equity Shares to be issued on any subsequent conversion of Series A CCPS shall, subject to Applicable Law and receipt of requisite approvals, be increased proportionately and without payment of additional consideration therefor by the holders of Series A CCPS.

c) If the Company, by re-classification or conversion of Shares or otherwise, changes any of the Equity Shares into the same or a different number of Shares of any other class or classes, the right to convert the Series A CCPS into Equity Shares shall thereafter represent the right to acquire such number and kind of Shares as would have been issuable as the result of such change with respect to the Equity Shares that were subject to the conversion rights of the holder of Series A CCPS immediately prior to the record date of such re-classification or conversion.

d) The holders of Series A CCPS shall be entitled to the cumulative benefit of all adjustments referred to herein.

126.1.6. ***Liquidation Preference****:* The Series A CCPS holders shall be entitled to Liquidation Preference as set out in Article 1188.

126.1.7. ***Senior Rights****.* Series A CCPS shall, along with the Series B CCPS, rank senior to all other instruments that are outstanding and/or which may be issued by the Company from time to time in all respects including but not limited to voting rights, dividends and liquidation. The holders of Series A CCPS, *pari passu* with the holders of Series B CCPS shall be entitled to all superior rights or other rights that may be given to any other investors, if any, in the future.

126.1.8. ***Additional Rights.*** The Company shall not and/or Promoters shall ensure that the Company does not grant any other current/potential investor any rights that are more favourable than those granted to the Investors. If the rights granted to any other investor are at variance with rights of the Investors, the Investors shall be entitled to such favourable terms as are offered by the Company to the investor.

126.1.9. ***Registration rights****.* The holders of Series A CCPS shall receive typical and customary registration rights, where available, in all global market(s) where the Company lists the Shares. Termination of the Transaction Documents shall not affect the obligation of the Company to provide registration rights to the holders of the Series A CCPS.

126.1.10. ***Meeting and Voting rights.*** The holders of Series A CCPS shall be entitled to attend meetings of all Shareholders of the Company, and *shall* vote on all matters at such meetings on a Fully Diluted Basis, as may be permissible under Applicable Law. Accordingly, but subject to adjustments as set forth herein, the holders of Series A CCPS shall be entitled to 1 (one) vote for every 13.07 (thirteen point zero seven) Series A CCPS held by them, provided however that in the event of any adjustment in conversion the number of votes associated with each Series A CCPS will change accordingly.

127. <u>TERMS OF ISSUANCE OF SERIES B CCPS</u>

The Series B CCPS are issued with the following characteristics, including certain rights vested in the holders thereof which are in addition to, and without prejudice to, the other rights of the Investors set out in the Transaction Documents.

127.1.1. ***Equity Shares*.** The number of Equity Shares to be issued to the holders of the Series B CCPS upon conversion shall, subject to the other terms and conditions set forth in these Articles, be as set out in Article 126.1.3 below.

127.1.2. ***Dividends.*** The Series B CCPS shall carry a pre-determined cumulative dividend rate of 0.0001% (zero point zero zero zero one percent) per annum on an As If Converted Basis. In addition to the same, if the holders of Equity Shares are paid dividend in excess of 0.0001%(zero point zero zero zero one percent) per annum, the holders of the Series B CCPS shall, together with the holders of Series A CCPS, be entitled to dividend at such higher rate. In the event, the Board declares any dividend for the relevant year, such dividend shall be paid to the holders of Series B CCPS pari passu with the holders of Series A CCPS.

127.1.3. ***Conversion*.**

a) The holders of the Series B CCPS may convert the Series B CCPS in whole or part into Equity Shares at any time before 19 (nineteen) years from the date of issuance of the same subject to the adjustments provided in Article 126.1.4, Article 126.1.5 and Article 126.1.6 of this Article and other terms and conditions of these Articles. In the event the conversion of Series B CCPS entitles the holders of Series B CCPS to any fraction of an Equity Share, then such fraction shall be rounded up to the nearest whole number.

b) The holders of Series B CCPS shall, at any time prior to 19 (nineteen) years from the date of issuance of the same, be entitled to call upon the Company to convert all or any of the Series B CCPS by issuing a Notice to the Company.

c) Immediately and no later than 7 (seven) days from the receipt of such Notice, the Company shall issue Equity Shares in respect of the Series B CCPS sought to be converted. The record date of conversion of the Series B CCPS shall be deemed to be the date on which the holder of such Series B CCPS issues a Notice of conversion to the Company. The Series B CCPS, or any of them, if not converted earlier, shall automatically convert into Equity Shares at the then applicable conversion rate, (i) on latest permissible date prior to the issue of Shares to the public in connection with the occurrence of a Public Offer under Applicable Law, or (ii) on the day following the completion of 19 (nineteen) years from the date of issuance of the same.

d) Subject to the adjustments provided in Article 117 *(Sharing of Upside)*, and Article 126.1.4, Article 126.1.5 and Article 126.1.6 of this Article, 1.61 (one point six one) Series B CCPS shall convert into 1 (one) Equity Share ("**Series B Conversion Ratio**"). No fractional Shares shall be issued upon conversion of Series B CCPS, and the number of Equity Shares to be issued shall be rounded up to the nearest whole number.

127.1.4. ***Valuation Protection*.** If the Company offers any Dilution Instruments to a new investor or a third party after the date on which they were allotted to the first holders thereof, at a price (the "**New Price**") less than the then effective conversion price of the Series B CCPS ("**Dilutive Issuance**") then the holders of Series B CCPS shall, unless waived by each of them be entitled to a broad based weighted average anti-dilution protection as provided for in Article 1255 (the "**Valuation Protection Right**"). In such an event the Company and the Promoters shall be bound to cooperate with the holders of Series B CCPS and the Company such that the Company forthwith takes all necessary steps as detailed in Article 1255. The Company shall Notify the holders of Series B CCPS of the impact of the Dilutive Issuance prior to such issuance and obtain confirmation from them that the same conforms to these Terms of Issue. Notwithstanding anything else contained herein, if the Company and the Promoters provide an Exit to the holders of Series B CCPS any time prior to the Investment Exit Date, and without exercising the Valuation Protection Right (as if the adjustment to the Series B Conversion Ratio pursuant to the exercise of this right had not been effected), the holders of Series B CCPS are entitled to the return contemplated under the applicable Exit Right, then the Series B Conversion Ratio shall be re-adjusted to the ratio as if the adjustment to the Series B Conversion Ratio pursuant to the Valuation Protection Right had not taken place.

127.1.5. ***Adjustments.***

a) If, whilst any Series B CCPS remain capable of being converted into Equity Shares, the Company splits, sub-divides (stock split) or consolidates (reverse stock split) the Equity Shares into a different number of securities of the same class, the number of Equity Shares issuable upon a conversion of the Series B CCPS shall, subject to Applicable Law and receipt of requisite approvals, be proportionately increased in the case of a split or sub-division (stock split), and likewise, the number of Equity Shares issuable upon a conversion of the Series B CCPS shall be proportionately decreased in the case of a consolidation (reverse stock split).

b) If, whilst any Series B CCPS remain capable of being converted into Equity Shares, the Company makes or issues a dividend or other distribution of Equity Shares to the holders of Equity Shares then the number of Equity Shares to be issued on any subsequent conversion of Series B CCPS shall, subject to Applicable Law and receipt of requisite approvals, be increased proportionately and without payment of additional consideration therefor by the holders of Series B CCPS.

c) If the Company, by re-classification or conversion of Shares or otherwise, changes any of the Equity Shares into the same or a different number of Shares of any other class or classes, the right to convert the Series B CCPS into Equity Shares shall thereafter represent the right to acquire such number and kind of Shares as would have been issuable as the result of such change with respect to the Equity Shares that were subject to the conversion rights of the holder of Series B CCPS immediately prior to the record date of such re-classification or conversion.

d) The holders of Series B CCPS shall be entitled to the cumulative benefit of all adjustments referred to herein.

127.1.6. ***Liquidation Preference:*** The Series B CCPS holders shall be entitled to Liquidation Preference as set out in Article 1188 of these Articles.

127.1.7. ***Senior Rights.*** Series B CCPS shall, along with the Series A CCPS, rank senior to all other instruments that are outstanding and/or which may be issued by the Company from time to time in all respects including but not limited to voting rights, dividends and liquidation. The holders of Series B CCPS, *pari passu* with the holders of Series A CCPS shall be entitled to all superior rights or other rights that may be given to any other investors, if any, in the future.

127.1.8. ***Additional Rights.*** The Company shall not and/or Promoters shall ensure that the Company does not grant any other current/potential investor any rights that are more favourable than those granted to the Investors. If the rights granted to any other investor are at variance with rights of the Investors, the Investors shall be entitled to such favourable terms as are offered by the Company to the investor.

127.1.9. ***Registration rights***. The holders of Series B CCPS shall receive typical and customary registration rights, where available, in all global market(s) where the Company lists the Shares. Termination of the Transaction Documents shall not affect the obligation of the Company to provide registration rights to the holders of the Series B CCPS.

127.1.10. ***Meeting and Voting rights.*** The holders of Series B CCPS shall be entitled to attend meetings of all Shareholders of the Company, and shall vote on all matters at such meetings on a Fully Diluted Basis, as may be permissible under Applicable Law. Accordingly, but subject to adjustments as set forth herein, the holders of Series B CCPS shall be entitled to 1 (one) vote for every 1.61 (one point six one) Series B CCPS held by them, provided however that in the event of any adjustment in conversion the number of votes associated with each Series B CCPS will change accordingly.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and subsisting contracts, which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are, or may be, deemed material, will be attached to the copy of the Red Herring Prospectus and the Prospectus, as applicable, which will be delivered to the RoC for filing. Copies of the abovementioned documents and contracts, and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days and will also be available at https://www.mainiprecisionproducts.com/Corporate-Governance.html from date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

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 of the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Offer Agreement dated December 13, 2021 between our Company, the Selling Shareholders, the BRLMs.

2. Registrar Agreement dated December 13, 2021 between our Company, the Selling Shareholders and the Registrar to the Offer.

3. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

4. Cash Escrow and Sponsor Bank Agreement dated [●] between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Bank and the Refund Bank(s).

5. Share Escrow Agreement dated [●] between our Company, the Selling Shareholders and the Share Escrow Agent.

6. Syndicate Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

7. Underwriting Agreement dated [●] between our Company, the Selling Shareholders and the Underwriters.

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company.

2. Certificate of incorporation dated March 3, 1973.

3. Fresh certificate of incorporation dated September 9, 2015 issued by RoC at the time of conversion from a private limited company into a public limited company.

4. Resolution of the Board and Shareholders each dated December 6, 2021, in relation to the Offer and other related matters.

5. Resolution of our Board dated December 13, 2021 approving the DRHP.

6. Resolution of the Board and Shareholders each dated December 6, 2021 and October 27, 2021, in relation to approval of the remuneration of Gautam Maini and V Sridhar, respectively.

7. Amended and restated shareholders agreement dated July 10, 2019 entered into by our Company, Gautam Maini, Sandeep Kumar Maini, Chetan Kumar Maini, M/s. Red Clover, The Maini Family Trust, Vippen Sareen, Arun Rajagopalan, Amit Giriraj Mohatta, One – Up Financial Consultants Private Limited,

Paragon Partner Growth Fund-I and NewQuest Asia Investments II Limited read with the amendment agreement dated December 6, 2021.

8. Share subscription agreement dated July 10, 2019 entered into by our Company, Gautam Maini, Sandeep Kumar Maini, Chetan Kumar Maini, Paragon Partners Growth Fund – I and NewQuest Asia Investment II Limited.

9. Share Purchase Agreement dated June 20, 2019 entered into between Sandeep Kumar Maini and One – Up Financial Consultants Private Limited.

10. Share Purchase Agreement dated May 28, 2019 entered into between Sandeep Kumar Maini and Brioso Co. Pty Limited.

11. Share Purchase Agreement dated April 22, 2019 entered into between Sandeep Kumar Maini and Amit Giriraj Mohatta.

12. Trademark License Agreement dated July 15, 2015 entered into between Maini Industrial Consultants and our Company.

13. Maini Precision Products Limited Employee Stock Option Plan 2021.

14. Copies of the annual reports of our Company for the Financial Years 2021, 2020 and 2019.

15. Report titled "*Assessment of market potential for specific precision components*" issued in October 2021 by CRISIL.

16. The independent auditors' examination report of the Statutory Auditor, on our Restated Summary Statements, included in this Draft Red Herring Prospectus along with the Restated Summary Statements.

17. The report issued by the Statutory Auditors on the 'Statement of special tax benefits available to Maini Precision Products Limited and its shareholders under the applicable tax laws in India'.

18. Written consent of the Directors, Company Secretary and Compliance Officer, Promoters, Key Managerial Personnel, the BRLMs, the Syndicate Members, legal counsels, lenders to our Company, Registrar to the Offer, Escrow Collection Bank(s), Public Offer Bank(s), Refund Bank(s), Sponsor Bank, Bankers to our Company, as referred to in their specific capacities.

19. Written consent dated December 13, 2021 from S.R. Batliboi & Associates, LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 11, 2021 on our Restated Summary Statements; and (ii) their report dated December 13, 2021 on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

20. Written consent of M/s J. Singh and Associates, the Independent Chartered Accountant, dated December 13, 2021, to include their name as required under the Companies Act in this Draft Red Herring Prospectus and as an "expert" as defined under the Companies Act.

21. Written consent of M.S. Balu, the Independent Chartered Engineer, dated December 13, 2021, to include their name as required under the Companies Act in this Draft Red Herring Prospectus and as an "expert" as defined under the Companies Act.

22. Letters dated November 24, 2021 from Paragon Partners Growth Fund-I and letter dated December 2, 2021 from NewQuest Asia Investment II Limited, authorising their participation in the Offer.

23. Letters dated December 13, 2021 from each Promoter Selling Shareholder authorising his participation in the Offer.

24. Letters dated December 13, 2021 from each Individual Selling Shareholder authorising his participation in the Offer.

25. Letter dated December 13, 2021 from the Other Selling Shareholder, authorising its participation in the Offer.

26. Due diligence certificate dated December 13, 2021, addressed to SEBI from the BRLMs.

27. In – principle approvals dated [●] and [●] issued by BSE and NSE, respectively.

28. Tripartite agreement dated October 18, 2012 between our Company, NSDL and the Registrar to the Offer.

29. Tripartite agreement dated September 28, 2015 between our Company, CDSL and the Registrar to the Offer.

30. SEBI observation letter bearing reference number [●] and dated [●].

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, 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 SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Kewal Krishan Nohria
Chairman and Independent Director

Place: Mumbai

Date: December 13, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, 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 SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Gautam Maini
Managing Director

Place: Mumbai

Date: December 13, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, 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 SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Sandeep Kumar Maini
Non – Executive Director

Place: Bengaluru

Date: December 13, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, 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 SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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V Sridhar
Wholetime and Chief Financial Officer

Place: Bengaluru

Date: December 13, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, 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 SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Siddharth Deepak Parekh
Non – Executive Director

Place: Mumbai

Date: December 13, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, 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 SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Niten Lalpuria
Non – Executive Director

Place: Mumbai

Date: December 13, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, 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 SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Rukmani Menon
Independent Director

Place: Bengaluru

Date: December 13, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, 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 SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Rahul Matthan
Independent Director

Place: Bengaluru

Date: December 13, 2021

DECLARATION BY THE PROMOTER SELLING SHAREHOLDER

I, Sandeep Kumar Maini, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER

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Place: Bengaluru

Date: December 13, 2021

DECLARATION BY THE PROMOTER SELLING SHAREHOLDER

I, Gautam Maini, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER

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Place: Mumbai

Date: December 13, 2021

DECLARATION BY THE PROMOTER SELLING SHAREHOLDER

I, Chetan Kumar Maini, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER

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Place: Bengaluru

Date: December 13, 2021

DECLARATION BY THE INVESTOR SELLING SHAREHOLDERS

We, Paragon Partners Growth Fund – I, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or in relation to ourselves, as the Investor Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility as an Investor Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF PARAGON PARTNERS GROWTH FUND – I

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Name: Sanjay Ajgaonkar

Designation: Chief Financial Officer

Place: Mumbai

Date: December 13, 2021

DECLARATION BY THE INVESTOR SELLING SHAREHOLDERS

We, NewQuest Asia Investments II Limited, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or in relation to ourselves, as the Investor Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility as an Investor Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF NEWQUEST ASIA INVESTMENTS II LIMITED

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Name: Teemulsingh Luchowa

Designation: Director

Place: Port Louis, Republic of Mauritius

Date: December 13, 2021

DECLARATION BY THE INDIVIDUAL SELLING SHAREHOLDERS

I, Amit Giriraj Mohatta, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Individual Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as the Individual Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY AMIT GIRIRAJ MOHATTA

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Place: Mumbai

Date: December 13, 2021

DECLARATION BY THE OTHER SELLING SHAREHOLDER

We, One – Up Financial Consultants Private Limited, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or in relation to ourselves, as the Other Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility as the Other Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF ONE – UP FINANCIAL CONSULTANTS PRIVATE LIMITED

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Name: Deep Jagdish Master

Designation: Director

Place: Mumbai

Date: December 13, 2021

DECLARATION BY THE INDIVIDUAL SELLING SHAREHOLDERS

I, Arun Rajagopalan, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Individual Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as the Individual Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY ARUN RAJAGOPALAN

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Place: Bengaluru

Date: December 13, 2021

DECLARATION BY THE INDIVIDUAL SELLING SHAREHOLDERS

I, Vippen Sareen, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Individual Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as the Individual Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY VIPPEN SAREEN

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Place: Mumbai

Date: December 13, 2021